Calendar No. 66

102D CONGRESS
1st Session

SENATE

REPORT
102-40

FY
CONCURRENT RESOLUTION ON THE BUDGET
1992

REPORT

OF THE

COMMITTEE ON THE BUDGET UNITED STATES SENATE

TO ACCOMPANY

S. Con. Res. 29

together with

ADDITIONAL AND MINORITY VIEWS

Setting forth the congressional budget for the United States Government for fiscal years 1992, 1993, 1994, 1995, and 1996

APRIL 18 (legislative day, APRIL 9), 1991.—Ordered to be printed

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All years are fiscal years unless otherwise indicated.

In the case of all tables, detail may not add to totals due to rounding.

An asterisk indicates an amount less that $50 million in dollar amounts and less than one-half percent in the case of percentages.

BA—Budget Authority.

O—Outlays.

DL—Direct Loan.

LG—Primary Loan Guarantee.

SLG—Secondary Loan Guarantee.

NA—Not available.

Calendar No. 66

102D CONGRESS
1ST SESSION

S. CON. RES. 29

[Report No. 102–40]

Setting forth the congressional budget for the United States Government for fiscal years 1992, 1993, 1994, 1995, and 1996.

IN THE SENATE OF THE UNITED STATES

APRIL 18 (legislative day, APRIL 9), 1991

Mr. SASSER, from the Committee on the Budget, reported the following concurrent resolution; which was placed on the calendar

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CONCURRENT RESOLUTION

Setting forth the congressional budget for the United States Government for fiscal years 1992, 1993, 1994, 1995, and 1996.

Resolved by the Senate (the House of Representatives concurring),

SECTION 1. CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 1992.

(a) DECLARATION.—The Congress determines and declares that this resolution is the concurrent resolution on the budget for fiscal year 1992, including the appropriate budgetary levels for fiscal years 1993, 1994, 1995, and 1996, as required by section 301 of the Congressional Budget Act of 1974 (as amended by the Budget Enforcement Act of 1990).

(b) TABLE OF CONTENTS.—The table of contents for this concurrent resolution is as follows:

Sec. 1. Concurrent resolution on the budget for fiscal year 1992.
Sec. 2. Recommended levels and amounts.
Sec. 3. Debt increase as a measure of deficit.
Sec. 4. Display of Federal retirement trust fund balances.
Sec. 5. Social Security.
Sec. 6. Major functional categories.
Sec. 7. Sale of Government assets.
Sec. 8. Accounting treatment of Social Security revenues.
Sec. 9. Reserve fund for family and economic security initiatives.
Sec. 10. Sense of the Congress in support of children and the family.
Sec. 11. High priority domestic discretionary programs.
Sec. 12. Fairness in Federal program benefits.
Sec. 13. Veterans' programs.

SEC. 2. RECOMMENDED LEVELS AND AMOUNTS.

The following budgetary levels are appropriate for the fiscal years 1992, 1993, 1994, 1995, and 1996:

(1) FEDERAL REVENUES.—(A) The recommended levels of Federal revenues are as follows:

Fiscal year 1992: $847,100,000,000.
Fiscal year 1993: $913,400,000,000.
Fiscal year 1994: $1,000,500,000,000.
Fiscal year 1995: $1,078,400,000,000.
Fiscal year 1996: $1,147,900,000,000.

(B) The amounts by which the aggregate levels of Federal revenues should be increased are as follows:

Fiscal year 1992: $0.
Fiscal year 1993: $0.
Fiscal year 1994: $0.
Fiscal year 1995: $0.
Fiscal year 1996: $0.

(C) The amounts for Federal Insurance Contributions Act revenues for hospital insurance within the recommended levels of Federal revenues are as follows:

Fiscal year 1992: $82,100,000,000.
Fiscal year 1993: $88,600,000,000.
Fiscal year 1994: $94,400,000,000.
Fiscal year 1995: $100,600,000,000.
Fiscal year 1996: $107,100,000,000.

(2) NEW BUDGET AUTHORITY.—The appropriate levels of total new budget authority are as follows:

Fiscal year 1992: $1,268,000,000,000.
Fiscal year 1993: $1,269,300,000,000.
Fiscal year 1994: $1,295,700,000,000.
Fiscal year 1995: $1,334,900,000,000.
Fiscal year 1996: $1,399,000,000,000.

(3) BUDGET OUTLAYS.—The appropriate levels of total budget outlays are as follows:

Fiscal year 1992: $1,198,300,000,000.

Fiscal year 1993: $1,200,800,000,000.

Fiscal year 1994: $1,159,100,000,000.

Fiscal year 1995: $1,196,200,000,000.

Fiscal year 1996: $1,255,600,000,000.

(4) DEFICITS.—The amounts of the deficits are as follows:

Fiscal year 1992: $351,200,000,000.

Fiscal year 1993: $287,400,000,000.

Fiscal year 1994: $158,600,000,000.

Fiscal year 1995: $117,800,000,000.

Fiscal year 1996: $107,700,000,000.

(5) PUBLIC DEBT.—The appropriate levels of the public debt are as follows:

Fiscal year 1992: $3,989,200,000,000.

Fiscal year 1993: $4,353,100,000,000.

Fiscal year 1994: $4,593,100,000,000.

Fiscal year 1995: $4,793,700,000,000.

Fiscal year 1996: $4,981,300,000,000.

(6) DIRECT LOAN OBLIGATIONS.—The appropriate levels of total new direct loan obligations are as follows:

Fiscal year 1992: $15,400,000,000.

Fiscal year 1993: $15,600,000,000.

Fiscal year 1994: $15,500,000,000.

Fiscal year 1995: $15,600,000,000.

Fiscal year 1996: $15,800,000,000.

(7) PRIMARY LOAN GUARANTEE COMMITMENTS.—The appropriate levels of new primary loan guarantee commitments are as follows:

Fiscal year 1992: $113,700,000,000.
Fiscal year 1993: $117,500,000,000.
Fiscal year 1994: $120,900,000,000.
Fiscal year 1995: $125,100,000,000.
Fiscal year 1996: $129,300,000,000.

(8) SECONDARY LOAN GUARANTEE COMMITMENTS.—The appropriate levels of new secondary loan guarantee commitments are as follows:

Fiscal year 1992: $83,800,000,000.
Fiscal year 1993: $87,200,000,000.
Fiscal year 1994: $90,700,000,000.
Fiscal year 1995: $94,400,000,000.
Fiscal year 1996: $98,100,000,000.

SEC. 3. DEBT INCREASE AS A MEASURE OF DEFICIT.

The amounts of the increase in the public debt subject to limitation are as follows:

Fiscal year 1992: $422,000,000,000.
Fiscal year 1993: $363,900,000,000.
Fiscal year 1994: $240,000,000,000.
Fiscal year 1995: $200,600,000,000.
Fiscal year 1996: $187,600,000,000.

SEC. 4. DISPLAY OF FEDERAL RETIREMENT TRUST FUND BALANCES.

The balances of the Federal retirement trust funds are as follows:

Fiscal year 1992: $875,500,000,000.
Fiscal year 1993: $1,013,800,000,000.
Fiscal year 1994: $1,167,500,000,000.
Fiscal year 1995: $1,335,900,000,000.
Fiscal year 1996: $1,517,700,000,000.

SEC. 5. SOCIAL SECURITY.

(a) Social Security Revenues.—The appropriate levels of revenues of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund are as follows:

Fiscal year 1992: $315,300,000,000.
Fiscal year 1993: $338,700,000,000.
Fiscal year 1994: $365,500,000,000.
Fiscal year 1995: $389,800,000,000.
Fiscal year 1996: $417,200,000,000.

(b) Social Security Outlays.—The appropriate levels of outlays of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund are as follows:

Fiscal year 1992: $250,200,000,000.
Fiscal year 1993: $262,600,000,000.
Fiscal year 1994: $273,400,000,000.

Fiscal year 1995: $283,300,000,000.

Fiscal year 1996: $292,800,000,000.

SEC. 6. MAJOR FUNCTIONAL CATEGORIES.

The Congress determines and declares that the appropriate levels of new budget authority, budget outlays, new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for fiscal years 1992 through 1996 for each major functional category are:

(1) National Defense (050):

Fiscal year 1992:

(A) New budget authority, $290,800,000,000.

(B) Outlays, $295,300,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $290,900,000,000.

(B) Outlays, $292,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1994:

(A) New budget authority, $289,100,000,000.

(B) Outlays, $291,300,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1995:

(A) New budget authority, $292,000,000,000.

(B) Outlays, $292,200,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1996:

(A) New budget authority, $300,600,000,000.

(B) Outlays, $297,700,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(2) International Affairs (150):

Fiscal year 1992:

(A) New budget authority, $22,300,000,000.

(B) Outlays, $17,900,000,000.

(C) New direct loan obligations, $1,700,000,000.

(D) New primary loan guarantee commitments, $7,000,000,000.

(E) New secondary loan guarantee commitments, $400,000,000.

Fiscal year 1993:

(A) New budget authority, $22,100,000,000.

(B) Outlays, $18,100,000,000.

(C) New direct loan obligations, $1,800,000,000.

(D) New primary loan guarantee commitments, $7,200,000,000.

(E) New secondary loan guarantee commitments, $400,000,000.

Fiscal year 1994:

(A) New budget authority, $21,400,000,000.

(B) Outlays, $19,200,000,000.

(C) New direct loan obligations, $1,800,000,000.

(D) New primary loan guarantee commitments, $7,500,000,000.

(E) New secondary loan guarantee commitments, $500,000,000.

Fiscal year 1995:

(A) New budget authority, $21,600,000,000.

(B) Outlays, $19,800,000,000.

(C) New direct loan obligations, $1,900,000,000.

(D) New primary loan guarantee commitments, $7,800,000,000.

(E) New secondary loan guarantee commitments, $500,000,000.

Fiscal year 1996:

(A) New budget authority, $22,300,000,000.

(B) Outlays, $20,100,000,000.

(C) New direct loan obligations, $2,000,000,000.

(D) New primary loan guarantee commitments, $8,100,000,000.

(E) New secondary loan guarantee commitments, $500,000,000.

(3) General Science, Space, and Technology (250):

Fiscal year 1992:

(A) New budget authority, $16,500,000,000.

(B) Outlays, $16,200,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $17,200,000,000.

(B) Outlays, $16,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1994:

(A) New budget authority, $17,100,000,000.

(B) Outlays, $16,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1995:

(A) New budget authority, $17,300,000,000.

(B) Outlays, $16,700,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1996:

(A) New budget authority, $17,800,000,000.

(B) Outlays, $17,700,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(4) Energy (270):

Fiscal year 1992:

(A) New budget authority, $5,400,000,000.

(B) Outlays, $4,500,000,000.

(C) New direct loan obligations, $1,300,000,000.

(D) New primary loan guarantee commitments, $400,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $6,100,000,000.

(B) Outlays, $5,200,000,000.

(C) New direct loan obligations, $1,400,000,000.

(D) New primary loan guarantee commitments, $200,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1994:

(A) New budget authority, $6,400,000,000.

(B) Outlays, $5,300,000,000.

(C) New direct loan obligations, $1,500,000,000.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1995:

(A) New budget authority, $5,800,000,000.

(B) Outlays, $4,500,000,000.

(C) New direct loan obligations, $1,500,000,000.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1996:

(A) New budget authority, $5,800,000,000.

(B) Outlays, $4,500,000,000.

(C) New direct loan obligations, $1,500,000,000.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

(5) Natural Resources and Environment (300):

Fiscal year 1992:

(A) New budget authority, $19,500,000,000.

(B) Outlays, $19,700,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $20,700,000,000.

(B) Outlays, $20,100,000,000.

(C) New direct loan applications, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1994:

(A) New budget authority, $20,500,000,000.

(B) Outlays, $19,800,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1995:

(A) New budget authority, $20,700,000,000.

(B) Outlays, $20,300,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1996:

(A) New budget authority, $21,200,000,000.

(B) Outlays, $21,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(6) Agriculture (350):

Fiscal year 1992:

(A) New budget authority, $22,600,000,000.

(B) Outlays, $17,100,000,000.

(C) New direct loan obligations, $7,500,000,000.

(D) New primary loan guarantee commitments, $8,200,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $19,200,000,000.

(B) Outlays, $15,700,000,000.

(C) New direct loan obligations, $7,300,000,000.

(D) New primary loan guarantee commitments, $7,600,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1994:

(A) New budget authority, $17,200,000,000.

(B) Outlays, $14,300,000,000.

(C) New direct loan obligations, $7,100,000,000.

(D) New primary loan guarantee commitments, $7,800,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1995:

(A) New budget authority, $18,000,000,000.

(B) Outlays, $13,200,000,000.

(C) New direct loan obligations, $6,800,000,000.

(D) New primary loan guarantee commitments, $7,800,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1996:

(A) New budget authority, $13,900,000,000.

(B) Outlays, $12,600,000,000.

(C) New direct loan obligations, $6,800,000,000.

(D) New primary loan guarantee commitments, $7,800,000,000.

(E) New secondary loan guarantee commitments, $0.

(7) Commerce and Housing Credit (370):

Fiscal year 1992:

(A) New budget authority, $105,900,000,000.

(B) Outlays, $105,100,000,000.

(C) New direct loan obligations, $2,600,000,000.

(D) New primary loan guarantee commitments, $66,600,000,000.

(E) New secondary loan guarantee commitments, $83,400,000,000.

Fiscal year 1993:

(A) New budget authority, $57,700,000,000.

(B) Outlays, $53,900,000,000.

(C) New direct loan obligations, $2,700,000,000.

(D) New primary loan guarantee commitments, $69,200,000,000.

(E) New secondary loan guarantee commitments, $86,800,000,000.

Fiscal year 1994:

(A) New budget authority, $38,700,000,000.

(B) Outlays, $30,200,000,000.

(C) New direct loan obligations, $2,800,000,000.

(D) New primary loan guarantee commitments, $71,800,000,000.

(E) New secondary loan guarantee commitments, $90,200,000,000.

Fiscal year 1995:

(A) New budget authority, $21,100,000,000.

(B) Outlays, –$42,000,000,000.

(C) New direct loan obligations, $2,900,000,000.

(D) New primary loan guarantee commitments, $74,500,000,000.

(E) New secondary loan guarantee commitments, –$93,900,000,000.

Fiscal year 1996:

(A) New budget authority, $17,900,000,000.

(B) Outlays, –$38,300,000,000.

(C) New direct loan obligations, $3,000,000,000.

(D) New primary loan guarantee commitments, $77,300,000,000.

(E) New secondary loan guarantee commitments, $97,600,000,000.

(8) Transportation (400):

Fiscal year 1992:

(A) New budget authority, $32,200,000,000.

(B) Outlays, $33,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $33,500,000,000.

(B) Outlays, $34,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1994:

(A) New budget authority, $34,100,000,000.

(B) Outlays, $33,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1995:

(A) New budget authority, $35,000,000,000.

(B) Outlays, $34,300,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1996:

(A) New budget authority, $36,400,000,000.

(B) Outlays, $36,700,000,000.

(C) New direct loan obligations, $100,000,000

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(9) Community and Regional Development (450):

Fiscal year 1992:

(A) New budget authority, $6,100,000,000.

(B) Outlays, $6,700,000,000.

(C) New direct loan obligations, $1,300,000,000.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $6,400,000,000.

(B) Outlays, $6,400,000,000.

(C) New direct loan obligations, $1,400,000,000.

(D) New primary loan guarantee commitments, $400,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1994:

(A) New budget authority, $6,400,000,000.

(B) Outlays, $6,100,000,000.

(C) New direct loan obligations, $1,400,000,000.

(D) New primary loan guarantee commitments, $400,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1995:

(A) New budget authority, $6,400,000,000.

(B) Outlays, $6,100,000,000.

(C) New direct loan obligations, $1,500,000,000.

(D) New primary loan guarantee commitments, $400,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1996:

(A) New budget authority, $6,600,000,000.

(B) Outlays, $6,300,000,000.

(C) New direct loan obligations, $1,500,000,000.

(D) New primary loan guarantee commitments, $400,000,000.

(E) New secondary loan guarantee commitments, $0.

(10) Education, Training, Employment, and Social Services (500):

Fiscal year 1992:

(A) New budget authority, $54,200,000,000.

(B) Outlays, $48,200,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $12,700,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $53,700,000,000.

(B) Outlays, $51,900,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $12,800,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1994:

(A) New budget authority, $52,900,000,000.

(B) Outlays, $51,100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $13,100,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1995:

(A) New budget authority, $53,200,000,000.

(B) Outlays, $51,400,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $13,500,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1996:

(A) New budget authority, $54,800,000,000.

(B) Outlays, $49,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $13,800,000,000.

(E) New secondary loan guarantee commitments, $0.

(11) Health (550):

Fiscal year 1992:

(A) New budget authority, $82,900,000,000.

(B) Outlays, $83,300,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $92,900,000,000.

(B) Outlays, $92,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1994:

(A) New budget authority, $102,200,000,000.

(B) Outlays, $101,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1995:

(A) New budget authority, $112,300,000,000.

(B) Outlays, $111,100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1996:

(A) New budget authority, $124,500,000,000.

(B) Outlays, $123,800,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

(12) Medicare (570):

Fiscal year 1992:

(A) New budget authority, $120,000,000,000.

(B) Outlays, $116,800,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $131,300,000,000.

(B) Outlays, $128,100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1994:

(A) New budget authority, $145,300,000,000.

(B) Outlays, $141,700,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1995:

(A) New budget authority, $161,700,000,000.

(B) Outlays, $157,200,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1996:

(A) New budget authority, $180,800,000,000.

(B) Outlays, $176,200,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(13) Income Security (600):

Fiscal year 1992:

(A) New budget authority, $221,300,000,000.

(B) Outlays, $180,900,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $229,200,000,000.

(B) Outlays, $188,900,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1994:

(A) New budget authority, $240,600,000,000.

(B) Outlays, $198,700,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1995:

(A) New budget authority, $253,400,000,000.

(B) Outlays, $207,900,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1996:

(A) New budget authority, $266,100,000,000.

(B) Outlays, $217,600,000,000.

(C) New direct loan obligations, $100,000,000

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(14) Social Security (650):

Fiscal year 1992:

(A) New budget authority, $5,900,000,000.

(B) Outlays, $8,200,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $6,500,000,000.

(B) Outlays, $8,800,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1994:

(A) New budget authority, $7,100,000,000.

(B) Outlays, $9,400,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1995:

(A) New budget authority, $7,700,000,000.

(B) Outlays, $10,100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1996:

(A) New budget authority, $8,400,000,000.

(B) Outlays, $11,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(15) Veterans Benefits and Services (700):

Fiscal year 1992:

(A) New budget authority, $33,400,000,000.

(B) Outlays, $33,500,000,000.

(C) New direct loan obligations, $900,000,000.

(D) New primary loan guarantee commitments, $18,200,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $34,900,000,000.

(B) Outlays, $34,600,000,000.

(C) New direct loan obligations, $900,000,000.

(D) New primary loan guarantee commitments, $19,800,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1994:

(A) New budget authority, $35,000,000,000.

(B) Outlays, $36,300,000,000.

(C) New direct loan obligations, $800,000,000.

(D) New primary loan guarantee commitments, $19,700,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1995:

(A) New budget authority, $35,700,000,000.

(B) Outlays, $35,400,000,000.

(C) New direct loan obligations, $800,000,000.

(D) New primary loan guarantee commitments, $20,500,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1996:

(A) New budget authority, $36,300,000,000.

(B) Outlays, $35,100,000,000.

(C) New direct loan obligations, $800,000,000.

(D) New primary loan guarantee commitments, $21,300,000,000.

(E) New secondary loan guarantee commitments, $0.

(16) Administration of Justice (750):

Fiscal year 1992:

(A) New budget authority, $12,900,000,000.

(B) Outlays, $13,200,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $13,600,000,000.

(B) Outlays, $13,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1994:

(A) New budget authority, $13,500,000,000.

(B) Outlays, $13,400,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1995:

(A) New budget authority, $13,600,000,000.

(B) Outlays, $13,700,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1996:

(A) New budget authority, $14,000,000,000.

(B) Outlays, $14,500,000,000.

(C) New direct loan obligations, $0

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(17) General Government (800):

Fiscal year 1992:

(A) New budget authority, $13,300,000,000.

(B) Outlays, $12,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $13,800,000,000.

(B) Outlays, $13,200,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1994:

(A) New budget authority, $13,400,000,000.

(B) Outlays, $12,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1995:

(A) New budget authority, $13,600,000,000.

(B) Outlays, $13,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1996:

(A) New budget authority, $14,200,000,000.

(B) Outlays, $14,100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(18) Net Interest (900):

Fiscal year 1992:

(A) New budget authority, $235,400,000,000.

(B) Outlays, $235,400,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $253,000,000,000.

(B) Outlays, $253,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1994:

(A) New budget authority, $268,800,000,000.

(B) Outlays, $268,800,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1995:

(A) New budget authority, $280,400,000,000.

(B) Outlays, $280,400,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1996:

(A) New budget authority, $292,500,000,000.

(B) Outlays, $292,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarante commitments, $0.

(19) The corresponding levels of gross interes on the public debt are as follows:

Fiscal year 1992: $312,800,000,000.

Fiscal year 1993: $337,900,000,000.

Fiscal year 1994: $357,000,000,000.

Fiscal year 1995: $369,900,000,000.

Fiscal year 1996: $380,700,000,000.

(20) Allowances (920):

Fiscal year 1992:

(A) New budget authority, $0.

(B) Outlays, –$16,900,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, $0.

(B) Outlays, –$12,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1994:

(A) New budget authority, $0.

(B) Outlays, –$76,300,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1995:

(A) New budget authority, $0.

(B) Outlays, –$14,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1996:

(A) New budget authority, $0.

(B) Outlays, –$22,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(21) Undistributed Offsetting Receipts (950):

(A) Fiscal year 1992:

(A) New budget authority, –$32,600,000,000.

(B) Outlays, –$32,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1993:

(A) New budget authority, –$33,300,000,000.

(B) Outlays, –$33,300,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1994:

(A) New budget authority, –$33,900,000,000.

(B) Outlays, –$33,900,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1995:

(A) New budget authority, –$34,500,000,000.

(B) Outlays, –$34,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1996:

(A) New budget authority, –$35,000,000,000.

(B) Outlays, –$35,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

SEC. 7. SALE OF GOVERNMENT ASSETS.

(a) SENSE OF THE CONGRESS.—It is the sense of the Congress that—

(1) from time to time the United States Government should sell assets to nongovernment buyers; and

(2) the amounts realized from such asset sales will not recur on an annual basis and do not reduce the demand for credit.

(b) BUDGETARY TREATMENT.—For purposes of allocations and points of order under sections 302, 601, and 602 of the Congressional Budget and Impoundment Control Act of 1974, the amounts realized from asset sales or prepayments of loans shall not be allocated to a committee and shall not be scored with respect to the level of budget authority, outlays, or revenues under a committee's allocation under section 302, 601, or 602 of that Act.

(c) DEFINITIONS.—For purposes of this section—

(1) the terms "asset sale" and "prepayment of a loan" shall have the same meaning as under section 250(c)(21) of the Balanced Budget and Emergency Deficit Control Act of 1985 (as amended by the Budget Enforcement Act of 1990); and

(2) the terms "asset sale" and "prepayment of a loan" do not include asset sales mandated by law before September 18, 1987, and routine, ongoing asset sales and loan prepayments at levels consistent with agency operations in fiscal year 1986.

SEC. 8. ACCOUNTING TREATMENT OF SOCIAL SECURITY REVENUES.

(a) SENSE OF THE CONGRESS.—It is the sense of the Congress that—

(1) the Congress should not enact—

(A) major spending changes to the Social Security system; or

(B) major revenue changes to the Social Security system,

without a fair and open debate of the budgetary consequences of those changes in the context of the concurrent resolution on the budget; and

(2) the Congress should not enact major reductions in Social Security revenues unless the current

actuarial estimates of the Social Security Trust Funds over the next 75 years indicate the Trust Funds are actuarially sound.

(b) ACCOUNTING TREATMENT.—For purposes of allocations and points of order under sections 302 and 311 of the Congressional Budget and Impoundment Control Act of 1974 with respect to this concurrent resolution on the budget, the amounts by which estimated Social Security revenues (excluding Social Security revenues provided for in the bill, resolution, amendment, or conference report with respect to which this paragraph is applied) exceed the appropriate level of Social Security revenues specified in this concurrent resolution on the budget shall not be—

(1) deemed to reduce Social Security outlays;

(2) allocated to a committee as outlays; or

(3) scored as outlays with respect to the level of Social Security outlays,

under a committee's allocation under section 302 of that Act or the appropriate level of Social Security outlays specified in this concurrent resolution on the budget.

(c) DEFINITIONS.—For purposes of this section—

(1) the terms "Social Security revenues" and "Social Security outlays" shall have the same meaning as under title III of the Congressional Budget and Impoundment Control Act of 1974; and

(2) no provision of any bill or resolution, or any amendment thereto or conference report thereon, involving a change in chapter 1 of the Internal Revenue Code of 1986 shall be treated as affecting the amount of Social Security revenues unless such provision changes the income tax treatment of Social Security benefits.

SEC. 9. RESERVE FUND FOR FAMILY AND ECONOMIC SECURITY INITIATIVES.

(a) INITIATIVES TO IMPROVE THE HEALTH AND NUTRITION OF CHILDREN AND TO PROVIDE FOR SERVICES TO PROTECT CHILDREN AND STRENGTHEN FAMILIES.—

(1) IN GENERAL.—Budget authority and outlays may be allocated to a committee or committees for legislation that increases funding to improve the health and nutrition of children and to provide for services to protect children and strengthen families when another committee or committees of the Senate or a committee of conference have reported legislation that will, if enacted, reduce budget authority and outlays in an amount that is equal to or exceeds the funding necessary to improve the health and nutrition of children and to provide for services to protect children and strengthen families.

(2) REVISED ALLOCATIONS.—Upon the reporting of legislation pursuant to paragraph (1), and again upon the submission of a conference report on such legislation (if a conference report is submitted), the Chairman of the Committee on the Budget of the Senate may file with the Senate appropriately revised allocations under sections 302(a) and 602(a) and revised functional levels and aggregates to carry out this subsection. Such revised allocations, functional levels, and aggregates shall be considered for the purposes of the Congressional Budget Act of 1974 as allocations, functional levels, and aggregates contained in this concurrent resolution on the budget.

(3) REPORTING REVISED ALLOCATIONS.—The appropriate committee may report appropriately revised allocations pursuant to sections 302(b) and 602(b) to carry out this subsection.

(b) ECONOMIC RECOVERY INITIATIVES.—

(1) IN GENERAL.—Budget authority and outlays may be allocated to a committee or committees for legislation that increases funding for economic recovery initiatives for unemployment compensation or other, related programs when another committee or committees of the Senate or a committee of con-

ference have reported legislation that will, if enacted, reduce budget authority and outlays in an amount that is equal to or exceeds the funding necessary for economic recovery initiatives for unemployment compensation or other, related programs.

(2) REVISED ALLOCATIONS.—Upon the reporting of legislation pursuant to paragraph (1), and again upon the submission of a conference report on such legislation (if a conference report is submitted), the Chairman of the Committee on the Budget of the Senate may file with the Senate appropriately revised allocations under sections 302(a) and 602(a) and revised functional levels and aggregates to carry out this subsection. Such revised allocations, functional levels, and aggregates shall be considered for the purposes of the Congressional Budget Act of 1974 as allocations, functional levels, and aggregates contained in this concurrent resolution on the budget.

(3) REPORTING REVISED ALLOCATIONS.—The appropriate committee may report appropriately revised allocations pursuant to sections 302(b) and 602(b) to carry out this subsection.

(c) CONTINUING IMPROVEMENTS IN ONGOING HEALTH CARE PROGRAMS AND PHASING-IN OF HEALTH INSURANCE COVERAGE FOR ALL AMERICANS.—

(1) IN GENERAL.—Budget authority and outlays may be allocated to a committee or committees for legislation that increases funding to make continuing improvements in ongoing health care programs or to begin phasing-in health insurance coverage for all Americans when another committee or committees of the Senate or a committee of conference have reported legislation that will, if enacted, reduce budget authority and outlays in an amount that is equal to or exceeds the funding necessary to make continuing improvements in ongoing health care programs or to begin phasing-in health insurance coverage for all Americans.

(2) REVISED ALLOCATIONS.—Upon the reporting of legislation pursuant to paragraph (1), and again upon the submission of a conference report on such legislation (if a conference report is submitted), the Chairman of the Committee on the Budget of the Senate may file with the Senate appropriately revised allocations under sections 302(a) and 602(a) and revised functional levels and aggregates to carry out this subsection. Such revised allocations, func-

tional levels, and aggregates shall be considered for the purposes of the Congressional Budget Act of 1974 as allocations, functional levels, and aggregates contained in this concurrent resolution on the budget.

(3) REPORTING REVISED ALLOCATIONS.—The appropriate committee may report appropriately revised allocations pursuant to sections 302(b) and 602(b) to carry out this subsection.

(d) EXPAND ACCESS TO EARLY CHILDHOOD DEVELOPMENT SERVICES FOR LOW-INCOME PRE-SCHOOLERS.—

(1) IN GENERAL.—Budget authority and outlays may be allocated to a committee or committees for direct spending legislation that increases funding to expand access to early childhood development services for low-income pre-schoolers when another committee or committees of the Senate or a committee of conference have reported legislation that will, if enacted, reduce budget authority and outlays in an amount that is equal to or exceeds the funding necessary to expand access to early childhood development services for low-income pre-schoolers.

(2) REVISED ALLOCATIONS.—Upon the reporting of legislation pursuant to paragraph (1), and

again upon the submission of a conference report on such legislation (if a conference report is submitted), the Chairman of the Committee on the Budget of the Senate may file with the Senate appropriately revised allocations under sections 302(a) and 602(a) and revised functional levels and aggregates to carry out this subsection. Such revised allocations, functional levels, and aggregates shall be considered for the purposes of the Congressional Budget Act of 1974 as allocations, functional levels, and aggregates contained in this concurrent resolution on the budget.

(3) REPORTING REVISED ALLOCATIONS.—The appropriate committee may report appropriately revised allocations pursuant to sections 302(b) and 602(b) to carry out this subsection.

(e) TO FUND SURFACE TRANSPORTATION.—

(1) IN GENERAL.—Budget authority and outlays may be allocated to a committee or committees for legislation that increases funding for surface transportation when another committee or committees of the Senate or a committee of conference have reported legislation that will, if enacted, reduce budget authority and outlays in an amount that is equal to or exceeds the funding necessary for legisla-

tion that increases funding for surface transportation.

(2) REVISED ALLOCATIONS.—Upon the reporting of legislation pursuant to paragraph (1), and again upon the submission of a conference report on such legislation (if a conference report is submitted), the Chairman of the Committee on the Budget of the Senate may file with the Senate appropriately revised allocations under sections 302(a) and 602(a) and revised functional levels and aggregates to carry out this subsection. Such revised allocations, functional levels, and aggregates shall be considered for the purposes of the Congressional Budget Act of 1974 as allocations, functional levels, and aggregates contained in this concurrent resolution on the budget.

(3) REPORTING REVISED ALLOCATIONS.—The appropriate committee may report appropriately revised allocations pursuant to sections 302(b) and 602(b) to carry out this subsection.

SEC. 10. SENSE OF THE CONGRESS IN SUPPORT OF CHILDREN AND THE FAMILY.

It is the sense of the Congress that if a surtax on the income of millionaires is enacted, then the revenue generated by such a surtax will be used to offset a commensurate increase in direct tax assistance to families, which will include increasing dependent exemptions and tax credits for children.

SEC. 11. HIGH PRIORITY DISCRETIONARY PROGRAMS.

(a) FINDING.—The Congress finds that, within the current inventory of Federal programs and projects (both domestic and defense), there are inefficient, parochial, and outdated programs.

(b) SENSE OF CONGRESS.—It is the sense of the Congress that, within the discretionary allocations included in this concurrent resolution on the budget, the Committees on Appropriations should—

(1) consider proposals to terminate substandard and inefficient projects and programs in 1992;

(2) reduce the Federal investment in outdated projects and programs; and

(3) reallocate those resources to higher-priority discretionary programs and projects.

SEC. 12. FAIRNESS IN FEDERAL PROGRAM BENEFITS.

(a) FINDINGS.—The Congress finds that—

(1) Federal spending for all segments of the population has grown significantly over the last 2 decades, and that Federal benefits increasingly have been provided not necessarily to those with low pre-

Federal transfer incomes, but to those who have pre-transfer incomes above their poverty thresholds;

(2) substantial amounts of Federal Government spending, nearly $26.5 billion in calendar year 1989, went to households with incomes that put them in the top 20 percent of all households; and

(3) Government assistance in the form of—

(A) school lunch subsidies which are provided to all participating students regardless of family income;

(B) direct income support payments to farmers with incomes over $125,000 per annum;

(C) low-cost loans to students from higher income families, and at times, awarded without regard to family income;

(D) nonstandardized benefit structures for payments to survivors of service persons whose death occurred while on active duty or as a result of service-connected illness; and

(E) large subsidies for the wealthiest medicare beneficiaries,

continues to grow unabated.

(b) SENSE OF CONGRESS.—It is the sense of the Congress that legislation should be enacted to provide a wiser, more fair and more equitable distribution of Federal benefits. Subsidies that are provided to the wealthiest segments of our society should be either redirected to provide more assistance to the poor and the underprivileged, or applied to further deficit reduction.

SEC. 13. VETERANS' PROGRAMS.

It is the sense of the Congress that—

(1) veterans' programs are a top National priority and that there are critical needs, particularly in the area of veterans medical care which must be addressed; the Congress urges the Committees on Appropriations, while acting within the limits of the discretionary caps, to give maximum consideration to veterans' benefit programs; and

(2) the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1990 placing limits on the estate size of incompetent veterans without dependents may be inconsistent with the Americans with Disabilities Act (Public Law 101–336) and therefore discriminatory; the committees of jurisdiction should consider modifying these provisions on a deficit-neutral basis to provide alternate methods for achieving the budget savings assumed within that Act.

Calendar No. 66

102D CONGRESS
1st Session

SENATE

REPORT
102-40

CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 1992

APRIL 18 (legislative day, APRIL 9), 1991.—Ordered to be printed

Mr. SASSER, from the Committee on the Budget, submitted the following

REPORT

together with

ADDITIONAL AND MINORITY VIEWS

[To accompany S. Con. Res. 29]

The Committee on the Budget submits the following report, accompanying the Concurrent Resolution on the Budget and setting forth the congressional budget for the United States Government for fiscal years 1992, 1993, 1994, 1995, and 1996, pursuant to the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93-344).

CHAPTER I. INTRODUCTION

The resolution constitutes a family and economic security budget—one that includes improved funding for education, child health and nutrition programs, as well as employment training and adult health programs. It reconfirms education and our children as top federal budget priorities and represents a commitment to make America's children healthier and better prepared to learn. Moreover, the budget proposal offers an extra measure of support to families during this time of recession.

While we would have preferred bipartisan consensus in the Budget Committee for the resolution as a whole, its primary components did in fact elicit strong bipartisan agreement. Nearly half of the minority cast positive votes for Senator Wirth's "Homefront" amendment—a $4.4 billion initiative that is the cornerstone of this resolution. Moreover, all members of the minority voted for the language included in the Brown amendment, which proposes to structure the reserve funds under the new "pay-as-you-go" system so that initiatives made possible by them are offset with program cuts, not taxes.

Yet, minority support for these central features did not translate into support for the combined package. The party-line vote, however, diminishes neither the substance of the resolution, nor its importance as the first resolution drafted under the rigorous fiscal constraints imposed by last year's bipartisan budget agreement. In every regard, the resolution upholds the principles and discipline set forth in that landmark agreement, and it does so within established spending and revenue limits that are designed to contain the federal deficit for many years to come.

The truth is, we are operating this year under perhaps the most demanding fiscal restrictions Congress has ever imposed on itself. That fact, however, is not an excuse for stagnant budget priorities. We have carefully targeted the available discretionary resources to make long overdue investments in child and family security, and in doing so have crafted a resolution that accomplishes a great deal.

The budget proposal increases funding in fiscal 1992 for the Department of Education by $3.1 billion. It provides another $1.3 billion for the Women, Infants and Children program, Head Start, child care grants as well as the job training initiative.

Specific provisions include:

A $350 million increase in funding for the WIC program. Chairman Sasser had previously requested a $250 million increase in funding for WIC when he introduced his Childhood Hunger Prevention Act of 1991 in February

A $500 million increase for Head Start, which would provide for an increase in the number of eligible pre-schoolers served by this pre-school nutrition, medical and education program.

A $450 million increase in education services for disabled children.

A $1 billion increase in student aid programs, including an increase in the maximum amount of Pell Grants for the neediest students without eliminating students from moderate-income families from the program.

A $140 million increase in infant mortality programs, including outreach services to pregnant women in both rural and urban areas.

In keeping with the rules of the new pay-as-you-go system, these investments in the future well-being of our children do not result in an increase in the deficit or federal spending programs.

The Budget Committee also approved a proposal for reserve funds for deficit-neutral legislation in three areas specifically identified by the Finance Committee, including:

—Initiatives to improve the health and nutrition of children and provide for services to protect children and strengthen families.

—Economic recovery initiatives such as unemployment compensation or other related programs.

—Continuing improvements in ongoing health care programs and phasing-in of health insurance coverage for uninsured Americans, plus needed efforts to contain health-care costs.

The reserve funds would also allow initiatives in two additional areas:

—Expanding access to early childhood development services for low-income pre-schoolers, such as head start.

—And providing for a surface transportation act to address the deteriorating condition of our nation's highways.

By including reserve funds language in the resolution, we have prepared the way for the committees to move on these initiatives if they so choose, and have provided the Senate the flexibility it needs to work its will later in the year.

The resolution achieves this flexibility without being flexible about the deficit or our efforts to contain it. It carries forward the letter of our agreement to reduce the deficit by some $482 billion over 5 years. Approximately two-thirds of those savings were established in law as part of the reconciliation bill last year, and can only be lost if we pass a statute to overturn what we've done.

Still, there can be no illusions about the current size of the deficit. We are not able to clean up in one year the mess that it took a decade to create. The Congressional Budget Office estimates that if last year's agreement is fully enforced and maintained, the federal deficit will decline to well below 1 percent of GNP by 1995, the lowest level in 20 years. This resolution keeps us locked on that course.

Chapter II. OVERVIEW OF COMMITTEE RECOMMENDATION

The Budget Enforcement Act of 1990 is expected to save nearly $500 billion over the next 5 years. Budgetary savings contained in this Act eclipse all previous attempts by the Congress and the Administration to achieve meaningful deficit reduction. The majority of these reductions were enacted in last year's reconciliation and appropriations bills. Adherence to the discretionary caps over the next 4 years should achieve the remaining deficit reduction.

The Committee recommendations for 1992 complies with the spending and revenue constraints contained in the Act. Discretionary spending for defense, international, and domestic programs are held within the budget authority and outlays limits set for all years. Estimates of mandatory programs and revenues are included on a deficit neutral basis according to the Act's new pay-as-you-go requirements. The recommendation also includes reserve language for selected high-priority initiatives to help implement the pay-as-you-go process within the Senate, modified by amendment to require that mandatory expansions be offset by reductions in programs.

Congressional enforcement of the levels in this resolution will ensure that the savings anticipated for this fiscal year will be achieved and will keep deficits on a downward trend over the 5-year budget horizon. On-budget deficits are expected to decline to $117.8 billion, or 1.6 percent of GNP by 1995. Absent the budget agreement, the deficit in 1995 would be at least $160 billion higher.

MAJOR COMPONENTS OF THE COMMITTEE RECOMMENDATION

The following table displays the major components of the Committee recommendation. These components include discretionary spending levels for defense, international and domestic programs, estimates of a mandatory and entitlement spending, revenues projections and deficits. The assumptions underlying these estimates are discussed below. Highlights of each spending function can be found in Chapter III.

Defense.—The Committee recommendation for defense is set at the discretionary cap levels for 1992 and 1993: $291.4 billion in budget authority and $295.8 billion in outlays in 1992 and $291.5 billion in budget authority and $292.5 billion in outlays in 1993. For fiscal year 1992, defense spending falls below baseline levels by $10.8 billion in budget authority and $6.8 billion in outlays. Outyear estimates for defense were adjusted to reflect the rate of change in the overall discretionary spending limits that govern those years.[1]

MAJOR COMPONENTS OF THE COMMITTEE RECOMMENDATION

[Dollar amounts in billions]

		1992	1993	1994	1995	1996
Defense caps	BA	$291.4	$291.5			
	O	295.8	292.5			
International caps	BA	22.2	22.9			
	O	19.8	20.6			
Domestic caps	BA	200.0	207.4			
	O	211.9	224.5			
Subtotal	**BA**	**513.5**	**521.7**	**518.1**	**525.0**	**544.9**
	O	**527.5**	**537.7**	**537.6**	**543.0**	**563.7**
Entitlements and mandatory	BA	754.5	747.6	777.6	809.9	854.1
	O	670.8	663.1	621.5	653.2	691.9
On-budget spending	BA	1,268.0	1,269.3	1,295.7	1,334.9	1,399.0
	O	1,198.3	1,200.8	1,159.1	1,196.2	1,255.6
On-budget revenues	REV	847.1	913.4	1,000.5	1,078.4	1,147.9
On-budget deficits		**−351.2**	**−287.4**	**−158.6**	**−117.8**	**−107.7**
(Percent of GNP)		**5.9**	**4.5**	**2.3**	**1.6**	**1.4**

International programs.—Discretionary spending for international programs complies with the international spending caps for 1992 and 1993. The 1992 cap levels total $22.2 billion in budget authority and $19.8 billion in outlays. Comparable levels for 1993 total $22.9 billion in budget authority and $20.6 billion in outlays. For the outyears, the levels of spending in this function vary based on the rate of change in the overall discretionary spending limits.

Domestic spending.—The Committee began their deliberations on domestic discretionary spending from a policy neutral baseline. This baseline allocated budget authority and outlays witin the domestic discretionary caps among budget functions on a pro-rata or formula basis. In the outyears discretionary function totals were adjusted according to the rate of change in the overall discretionary spending limits.

The domestic discretionary baseline levels used as the starting point were subsequently revised in Committee to reflect a "Homefront Initiative" proposed by Senator Wirth. Senator Wirth's initative added $4.4 billion for education, health, and social services program aimed at helping America's children. Specific adds in the Homefront Initiative were:

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[1] For 1996, the overall discretionary limits were increased by the projected rate of inflation.

A $700 million increase for health service programs for children including WIC, immunizations, infant mortality initiatives, community health centers, and child care grants.

A $2 billion increase for programs that enhance equity in education, including Chapter 1, Handicapped education, Even Start, Head Start, and Impact Aid.

A $600 million increase for programs that contribute to America's competitiveness, including Math and Science grants, Vocational and Adult education, Literacy programs, and job training for dislocated workers.

A $1.1 billion increase for student aid and opportunity, including Pell Grants, campus-based aid programs, and TRIO.

These increases were offset by across-the-board reductions in other discretionary programs.

Entitlement and mandatory spending.—Entitlement and mandatory spending in the Committee recommendations is set at baseline levels in all years. This component of the budget contains the major entitlement programs, including Medicare, Federal Employee Retirement programs, Farm Price Supports, Medicaid and other means-tested programs. Other spending within this area includes deposit insurance, interest on the debt, and offsetting receipts. Mandatory spending in the baseline increases from $670.8 billion in 1992 to $691.9 billion by 1996.

Revenues—The Committee recommendations adopts baseline revenue levels in all years. On budget revenue totals increase from $847.1 billion in 1992 to $1,147.9 billion by 1996.

While the Committee offers no specific policy proposals, the mark could accommodate revenue changes, including extension of certain expiring provisions, within the context of the pay-as-you-go framework set forth in the Budget Enforcement Act.

The Resolution includes sense of the Congress language which states that, in the event that a surtax on incomes of millionaires is enacted, the revenue generated from the surtax should be used to provide a commensurate increase in the dependent exemption for families.

The Committee notes with concern the decline in tax progressivity that has occurred over the past decade and recognizes the improvement in tax distribution that was gained through enactment of last year's Omnibus Budget Reconciliation Act. While the Committee recommends no specific revenue policy proposals, it does reject tax proposals which would make the tax code more regressive.

In particular, the Resolution excludes the President's proposed rate reduction on capital gains income. The Committee notes that this rate cut would cost the U.S. Treasury $10.5 billion over the next five years and that more than 80 percent of the benefits from the proposal would flow to tax payers with incomes above $100,000 per year.

(A detailed discussion of tax code expenditures along with estimates by function for 1992–1996, can be found in the Views and Estimates submission of the Joint Committee in Taxation, contained in Chapter VI.)

Deficits. On-Budget deficits for 1992–1995 are equal to the maximum deficit amounts allowed by law. (The deficit for 1996, a year not covered by the Act, is the same as OMB's on-budget baseline deficit of $107.7 billion.)

Deficits decline significantly over the next five years, both in nominal terms and as a percent of GNP. The table below shows projected on budget deficits in the resolution as well as deficits calculated on a consolidated basis. Consolidated deficits incorporate total government revenues and spending, including the receipts and disbursements for Social Security and outlays for the Postal Service.

ON BUDGET AND CONSOLIDATED DEFICITS IN THE COMMITTEE RECOMMENDATION

[Dollar amounts in billions]

1992	1993	1994	1995	1996	1997
On budget deficits	–$351.2	–$287.4	–$177.8	=$107.7	
(Percent of GNP)	5.9	4.5	2.3	1.6	1.4
Social Security Surplus	$65.1	$76.1	$92.1	$106.5	$124.4
Postal Service Outlays	–0.4	1.6	–1.4	–1.3	0.1
Consolidated deficits	–$285.7	–$212.9	$65.1	–$10.0	+$16.6
(Percent of GNP)	4.8	3.3	0.9	0.1	.2

Social Security.—Section 13301 of the Budget Enforcement Act states that Social Security disbursements and receipts "shall not be counted as new budget authority, outlays, receipts or deficit or surplus for purposes of the Congressional Budget". The Act also created new off budget allocations for Social Security outlays and revenues which are used in the Senate to enforce constraints on Social Security outlays and revenues.

The table below displays off budget Social Security outlay and revenues totals for 1992–1996. Chapter V of this document, contains an allocation of Social Security outlays among the appropriate Committees of jurisdiction in the Senate.

SOCIAL SECURITY ALLOCATIONS IN THE COMMITTEE RECOMMENDATION

[Dollar amounts in billions]

	1992	1993	1994	1995	1996	5-years
Outlays	250.2	262.6	273.4	283.3	292.8	1,362.3
Revenues	315.3	338.7	365.5	389.8	417.2	1,826.5
Surplus	**65.1**	**76.1**	**92.1**	**106.5**	**124.4**	

Reserve Fund Language

The new budget law provides that the Senate may implement the new pay-as-you-go process through language called reserve funds. The resolution sets forth a reserve fund listing five priority areas: (1) the health and nutrition of children, (2) economic recovery initiatives, (3) health care programs, (4) early childhood development services, and (5) surface transportation. The resolution thus designates these areas as initiatives warranting further consideration by the Senate later in the year. It contains language in each particular reserve requiring that program expansions be offset by equal mandatory program cuts.

Chapter III. SPENDING RECOMMENDATIONS BY FUNCTION

This section discusses the Committee's spending recommendations for each of the 20 functional areas of the budget. Each functional section contains the following material:

—A list of the major national needs addressed by Federal activities in the function.

—A narrative explanation of the Committee's spending recommendations for each function.

Tables at the end of this section list (1) the Committee's recommended funding levels for each function, 1992–1996, and (2) the Committee's recommended funding levels for each function, 1992–1996, with discreationary and mandatory amounts identified separately.

Function 050: NATIONAL DEFENSE

SUMMARY

Function 050 covers the military and civilian operations of the Department of Defense and the defense-related activities of the Department of Energy. This function includes the pay allowances for roughly 2 million active duty military personnel and 1 million civilian personnel at nearly 500 major installations. Function 050 includes the funding to develop and procure the weapon systems to equip this force. Finally, function 050 also provides the funding to operate and maintain these weapon systems.

HIGHLIGHTS

The Committee recommends $290.8 billion in budget authority and $295.3 billion in outlays for this function in 1992, totals that are consistent with the Budget Enforcement Act (BEA) approved last year. This recommendation is below the current services baseline by $13 billion in budget authority and $10.7 in outlays. The Committee's recommended level for 1992 represents an increase of $5.2 billion, or nearly 2 percent, over the estimated 1991 budget authority level of $285.6 billion. The 1991 figure does not include the costs of Operation Desert Shield/Desert Storm.

The Committee's recommendation of the defense funding figures contained in the budget agreement represents a first attempt to reflect the changing realities of a post-Cold War world. The Committee is aware that a great deal of uncertainty surrounds U.S. security policy in the years ahead. The recent events in the Persian Gulf highlight the difficulties facing this nation's national security planners as they attempt to develop guidelines for the size and types of forces this nation will need to cope with future threats to U.S. interests. Several months ago, few could have predicted that the United States would be involved in a conflict involving over 500,000 personnel, a total that approached the peak of the U.S. deployment during the Vietnam War.

The President's budget request contains a proposal to implement significant cuts in the U.S. force structure over the next several years. The Administration has proposed that U.S. active duty personnel be reduced by about 400,000 by 1995, with half of these cuts in Army personnel. U.S. active duty endstrength will be reduced from its current level of just over 2 million to 1.65 million by 1995. In addition, the Administration has proposed reductions in reserve and civilian personnel of the Department of Defense.

The Committee supports this proposal. Although the conflict in the Gulf may require some near term adjustment in the scope and timing of these cuts, the Committee believes that the Department can still achieve the reductions proposed by 1995 without inflicting undue hardship upon either the military or civilian employees of the Defense Department. The Committee hopes that the Department does not use the hostilities in the Persian Gulf and the permissive language in the Budget Enforcement Act to seek relief from the defense spending caps for non-Desert Shield/Desert Storm-related expenses. The Committee is also aware of the recent DoD proposal to close and consolidate numerous DoD bases and facilities. Base closures and realignments can have devastating consequences for economies of the affected communities and the Committee encourages the Department of Defense to provide all possible assistance to these areas to ease the painful transition period that lies ahead.

The Committee commends the work done by the Department of Defense and the Congressional Budget Office in seeking to develop and apply a common set of rates for estimating DoD outlays. As a result of their joint efforts, outlay rate-driven differences for 1992 have been reduced to about $600 million, or less than one-half of one percent of total DoD outlays. Unfortunately, due largely to non-outlay rate differences, the Administration's 1992 defense budget, as scored by CBO, exceeds the outlay caps set forth in the BEA by $2.9 billion in 1992 and $0.8 billion in 1993. In addition, the CBO reestimate of the President's 1994 request exceeds the Administration estimate by $3.7 billion in outlays. Based on the Committee's understanding of these differences, the Committee supports CBO's position and believes the Administration proposals violate the spirit if not the letter of the budget agreement. The Committee hopes these differences for 1992 can be resolved and that the Department of Defense reconsiders its position on the relevant provisions for 1993 and 1994 to minimize this problem in the future.

Finally, the Committee recognizes that the Department of Energy is at a crucial point in its history. Like the Department of Defense, the end of the Cold War has caused many to question DoE's role in the years ahead. Furthermore, after over 40 years of nuclear weapons production, the Department has massive safety and environmental contamination problems at many of its nuclear weapons production facilities. The total estimated cost of cleaning up these sites is likely to exceed $100 billion. The Committee recommendation for function 050 assumes significant funding will be provided to address the clean-up. The Committee believes that in light of the easing of tensions with the Soviet Union, future weapons requirements can be significantly reduced, thereby permitting a consolidation of existing DoE facilities. The Committee urges the Department to expedite its development of a coherent long-term plan that details how many weapons are required and which facilities are necessary to produce the weapons needed. An important element of this plan is the new production reactor program. The Committee urges the Department of Energy to proceed expeditiously with this program.

NATIONAL CENTER FOR MANUFACTURING SCIENCES

The Committee is aware of the growing need for government-industry efforts to develop commercially viable applications for multi-billion dollar investments made in DoD arsenals and DoE defense program facilities. The National Center for Manufacturing Sciences (NCMS), the largest research and development consortium in the United States, has accumulated a significant commercial industrial demand for these technologies. The Committee recommendaiton for function 050 in 1992 therefore assumes an additional $25 million in funds to be matched by NCMS for NCMS technology transfer programs with the federal laboratories and production facilities.

SEMATECH

Investment in technology and infrastructure for the development of advanced defense systems should continue. Government investment is particularly useful when the research and development contribute to both defense and commercial applications. The Defense Advanced Research Projects Agency (DARPA) has supported several initiatives that have successfully achieved "dual use" benefits. In particular, SEMATECH, an industry consortium aimed at restoring U.S. preeminence to th semiconductor manufacturing industry, is responding to national economic and security needs in developing advanced manufacturing technology. Therefore, the Committee recommendation assumes that within the totals in this resolution, $100 million in funding would be made available to continue the activities of SEMATECH.

Function 150: INTERNATIONAL AFFAIRS

SUMMARY

Function 150 covers the international affairs programs of the United States, including foreign economic, development, and security assistance, operations of the State Department, foreign broadcast and information activities, and the Export-Import Bank.

HIGHLIGHTS

The Committee recommends $22.3 billion in budget authority and $17.9 billion in outlays for the international affairs function of the budget. This level provides $22.2 billion in budget authority and $19.8 billion in outlays for the discretionary programs within the function. This level is within the international affairs cap agreed to under last year's budget summit agreement. The Committee recommendation assumes no policy changes from CBO baseline levels in entitlements and other mandatory programs in this function.

INTERNATIONAL MONETARY FUND

The President is proposing a $12.2 billion budget authority increase for the United States' quota subscription to the International Monetary Fund (IMF). This is a 50 percent increase in the U.S. quota subscription. Because of the monetary nature of these quota increases, there will be no outlays associated with the measure. Under the terms of the budget summit agreement, the international affairs discretionary spending caps will be adjusted to include the amount appropriated for an IMF quota increase, but only after the appropriation is made. Accordingly, the Committee has not included this additional budget authority in its function 150 allocation. However, the Budget Committee supports the increased quota subscription for the IMF, particularly if the bulk of this increase is eventually used to support economic reforms in Eastern Europe.

CAMP DAVID ACCORD COUNTRIES

The Committee assumes that funding levels for this function will allow continuation of current levels of assistance for Israel and Egypt. The Committee assumes an expansion of the loan guarantee program for Soviet Jewish settlement in Israel.

EXPORT-IMPORT BANK

The Committee believes that the Export-Import Bank will play an increasingly important role in this nation's foreign affairs program. A revitalized Export-Import Bank will help U.S. industry compete more effectively for market share in Eastern Europe, as well as other parts of the world. Accordingly, the Committee assumes the Congress will maintain or increase Export-Import Bank direct loan and guarantee programs and explore barter, countertrade, and transactions using non-traditional means of finance.

MOSCOW EMBASSY

The Committee notes that there are sufficient funds within this function to resolve the continuing U.S. embassy construction problems in Moscow. Construction of the new embassy office building has been halted since 1985. Six years later, little progress has been made toward resolving this problem. In the wake of yet another fire in the existing U.S. embassy facilities in Moscow, the Committee believes that it is imperative that the State Department and the various committees of Congress resolve this situation without further delay.

Function 250: SCIENCE, SPACE, AND TECHNOLOGY

SUMMARY

Function 250 includes NASA's space programs, the basic science and general research programs of the National Science Foundation, and the high-energy physics programs of the Department of Energy.

HIGHLIGHTS

The Committee recommends $16.5 billion in budget authority and $16.2 billion in outlays for the science, space, and technology function of the budget, a six percent increase over 1991 appropriation levels.

NATIONAL SCIENCE FOUNDATION

The Committee supports the President's request levels for the National Science Foundation.

HIGH-PERFORMANCE COMPUTING

The Committee also supports legislation (S. 272 and S. 343) to create and fund a multi-agency High-Performance Computing Program to ensure continued U.S. leadership in supercomputing and high-speed computing networking. In its 1992 budget request, the Administration has requested a total of $638 million for a very similar program. A key component of the program is the National Research and Education Network (NREN), a computer network that will provide important benefits to U.S. research, industry, and education. The National Science Foundation will play the major role in the program, particularly the NREN, but the Committee does not believe that funding for the program should come at the expense of crucial ongoing research funded by the NSF.

OTHER RECOMMENDATIONS

The Nuclear Science Advisory Committee strongly recommended in a report issued last year that the Department of Energy's three low-energy, heavy-ion accelerators remain in operation. The Committee's recommendation assumes that the Department's nuclear physics budget will be funded at a level adequate to maintain current operations at all three heavy-ion facilities.

Function 270: ENERGY

Summary

Function 270 contains the majority of civilian energy programs. This includes energy supply research and development as well as regulatory programs of the Department of Energy (DoE) credit programs of the Rural Electrification Administration (REA), and activities of the Nuclear Regulatory Commission. The function also includes a portion of the environmental restoration and waste management activities of DoE as well as funding for energy conservation programs.

Highlights

The recommended funding levels for function 270 in 1992 are $5.4 billion in budget authority and $4.5 billion in outlays. The Committee recommendation could accommodate certain discretionary adds, rejects the Administration's proposed "reforms" for Power Marketing Administrations and supports baseline funding for the Rural Electrification programs.

ENVIRONMENTAL RESTORATION AND WASTE MANAGEMENT

The Committee notes with concern the continued uncertainty surrounding the costs and progress of waste clean-up at DoE facilities. The total estimated cost of cleaning up these sites is likely to exceed $100 billion. The Committee recommendation could accommodate an increase in funding for environmental restoration and waste management at the level requested by the President. The Committee continues to urge that careful and accurate provision for clean-up costs be made before commitments are entered into by the Department of Energy.

ENERGY CONSERVATION

The Committee recognizes the increasingly importrant role that energy conservation and efficiency programs play as part of our overall national energy policy. In the aftermath of the Persian Gulf War, conservation measures are one important way to address our national energy security concerns. The Committee recommendation could accommodate increases in funding for R&D initiatives and the Department of Energy's State and Local Assistance Programs.

ENERGY SUPPLY RESEARCH AND DEVELOPMENT

The committee recommendation supports the President's increase in spending for Energy Supply R&D programs. The Committee believes that the multiple benefits of renewable energy warrant an enhanced and sustained commitment to renewable energy R&D over the next decade. The Committee recommends increasing funding for renewable energy above the President's request. The Committee recommendation could also accommodate an increase in funding for magnetic fusion.

POWER MARKETING ADMINISTRATIONS

The Committee is concerned that the Administration has once again proposed "reforms" in the Power Marketing Administrations' (PMAs) repayment schedule. While the FY 1992 proposal is slightly different than previous years, we remain opposed to these "reforms." We wish to recognize that the authorizing committee has also expressed opposition to the PMA proposals. This proposal could have a devastating effect on communities which are dependent upon public power.

RURAL ELECTRIFICATION PROGRAM

The Committee recommendation assumes baseline funding levels for Rural Electrification Administration electric program lending consistent with the Omnibus Budget Reconciliation Act of 1990. The recommendation could also accommodate lending levels for the Federal Financing Bank direct lending program commensurate with levels enacted in the 1991 appropriations process. Finally, the Committee resolution provides funding levels which could accommodate the rural development program recently established in the 1990 Farm Bill (FACT).

Function 300: NATURAL RESOURCES AND ENVIRONMENT

SUMMARY

Function 300 covers the natural resources and environmental programs including a variety of Federal agencies concerned with the development and management of the Nation's water, mineral, timber, wildlife, fish, and other resources; management of national parks, forests, refuges, and other public lands and protection of the environment.

HIGHLIGHTS

The recommended funding levels for function 300 in 1992 are $19.5 billion in budget authority and $19.7 billion in outlays. The Committee recommendation could accommodate certain discretionary increases, rejects the Administrations proposal to cut funding for EPA's wastewater treatment programs and Corps of Engineers' Continuing Authorities program, and recommends reducing funding for the Forest Service road construction program.

LAND ACQUISITION

The Committee recognizes that the Land and Water Conservation Fund is one of the most important means the federal government has for preserving our natural resources. Low funding levels for land acquisition in the past decade have created a substantial backlog of areas available for addition to our national parks, forest, refuges, and BLM areas. The Committee believes that additional efforts need to be made to prevent significant natural areas from being lost to development. The Committee recommendation could accommodate an increase in funding for land acquisition through the Land and Water Conservation Fund.

EPA WASTEWATER TREATMENT PROGRAMS

The Committee rejects the Administration's proposal to cut funding for Sewage Construction grants by $200 million relative to last year. For the past several years, appropriations for the state revolving loan fund have fallen below authorized levels. In an effort to address water pollution problems, the Committee recommends funding for wastewater programs at a level no less than what was appropriated last year.

CORPS OF ENGINEERS' CONTINUING AUTHORITIES PROGRAM

The Committee rejects the President's proposal to phase out most of the Corps' Continuing Authorities program. The proposed reductions would impair the ability of the Corps of Engineers to assist communities in their efforts to reduce flood damage and maintain local waterways and infrastructure. The Committee recommends funding for these programs at a level no less that what was appropriated last year.

FOREST SERVICE ROAD CONSTRUCTION

The Committee recommendation could accommodate a reduction in funding for the Forest Service road construction program. The road construction program continues to cause unnecessary environmental damage to our national forests and prove costly to the taxpayer. Almost all of the funding for road construction is directly associated with the declining timber sale program. The committee believes that the road construction budget should be adjusted downward to reflect the reduced needs of the timber sale program.

Function 350: AGRICULTURE

SUMMARY

Function 350 covers most Federal agriculture programs, including commodity price support programs, crop insurance, Farmers Home Administration agricultural credit, agricultural research, extension services animal and plant health protection, and agricultural economic date collection and dissemination programs.

HIGHLIGHTS

The recommended funding levels for function 350 in 1992 are $22.6 billion in budget authority and $17.1 billion in outlays.

The Committee Resolution makes no specific recommendation on Federal farm programs and does not adopt the President's specific policy proposals with regard to Federal farm payments to individuals earning more than $125,000 or to reforms in the crop insurance program. Within the discretionary category, the recommendation assumes level funding for Agriculture Soil and Conservation Service.

Function 370: COMMERCE AND HOUSING CREDIT

SUMMARY

Function 370 encompasses many of the government programs that provide assistance in the advancement of commerce. The mandatory programs in this function include the activities of the Federal Deposit Insurance Corporation and the Resolution Trust Corporation. The major discretionary programs in function 370 include the Farmers Home Administration (FMHA) housing programs,the Small Business Administration, the Bureau of Census, Payments to the Postal Service for Revenue Foregone, the Securities and Exchange Commission, the Federal Trade Commission, the Commodity Futures Trading Commission, and the Federal Communications Commission.

HIGHLIGHTS

The recommended funding levels for function 370 in 1992 are $105.9 billion in budget authority and $105.1 billion in outlays. For the discretionary programs in this function, the resolution recommends $3.7 billion in budget authority and $3.3 billion in outlays, an increase of $.1 billion in budget authority above 1991 levels adjusted for credit reform accounting. The Committee resolution rejects the President's proposed increases in Postal Service payments to the Federal Employees Health Benefits program and to the Civil Service Retirement System fund and also rejects the savings proposed in the programs administered by the Small Business Administration.

RURAL HOUSING INSURANCE FUND

4 million very low income rural households face excessive housing costs, substandard housing conditions, or overcrowding. More than 33 percent of poor rural homeowners pay in excess of 50 percent of their incomes for housing costs; over half of all poor renters in rural areas pay 50 percent or more of their incomes for housing. The housing programs of the Farmers Home Administration are the most important means for addressing the housing problems of the rural poor. The Committee rejects the President's proposals to cut Farmers Home direct loans and believes instead that these programs should continue to grow to meet the backlog of rural housing needs.

The National Affordable Housing Act sets aside 7 percent in 1991 and 9 percent in Section 515 rental housing funds in 1992 for use by non-profit groups. In keeping with the law's goal of encouraging more housing involvement by non-profit organizations, Farmers Home Administration officials are urged to eliminate unnecessary administrative barriers to participation in agency programs. Far too often, FmHA administrators have been reluctant to fund applications from legitimate non-profit housing developers. Non-profits have made very few applications for FmHA assistance in Georgia. Accordingly, FmHA officials should make clear that they welcome on-profit participation in their programs and make every reasonable effort to obligate money set aside for non-profits.

POSTAL SERVICE REVENUE FOREGONE

The Committee mark explicitly rejects the President's proposed cuts in the Postal Service revenue foregone appropriation. Preferred mailing rates are an important tool of public policy because they allow charities, churches, schools, small newspapers, libraries, classroom publishers, and other nonprofit mailers to disseminate their valuable materials, communicate with their memberships, and raise the funds they need. As this sector of the economy embodies the nation's charitable nature and public spirit, the services and programs performed by these organizations are even more necessary now to augment public efforts in times of constrained budgets.

SMALL BUSINESS ADMINISTRATION MICROBUSINESS LOANS

The Committee mark would support a pilot program of microbusiness loans as recommended in the views and estimates letter from the Small Business Committee. The Committee believes that private financial markets are reluctant to make very small loans because of higher paperwork and overhead costs per loan dollar. A microbusiness loan program, if the pilot program were successful, could be an imporant adjunct to our nation's programs in support of small business.

FCC SPECTRUM AUCTION

The Committee resolution rejects the President's proposal to allocate any available electromagnetic spectrum through an auction mechanism.

Function 400: TRANSPORTATION

SUMMARY

This function provides support for all facets of the nation's transportation system, primarily through grants to states and localities. Major programs in this area include: Federal-Aid-Highways, the Federal Aviation Administration, the Urban Mass Transportation Administration, the Coast Guard, Amtrak and the Maritime Administration.

HIGHLIGHTS

The recommended funding levels for function 400 in 1992 are $32.2 billion in budget authority and $33.5 billion in outlays. The Committee resolution includes Surface Transportation Act reserve fund language which would allow adjustment of Committee budget allocations, as necessary, to cover deficit-neutral Federal-Aid-Highway, Section 3 Mass Transit Capital Grant, and Highway Safety Grant initiatives. The Committee finds that greater investment in transportation infrastructure is critical to preserving the nation's economic productivity and competitive position in the global economy and believes that the reserve fund will enable the Congress to address this pressing need. Furthermore, the Committee shares the nation's governor's concern for drawing down the excess balance in the highway trust fund, and the Committee's mark can accommodate a sizeable increase in the highway obligation limitation above last year's $14.5 billion level.

The Committee rejects the President's proposed elimination of mass transit operating assistance for metropolitan areas over 1 million in population, the Northeast Corridor Improvement and Local Rail Service Assistance programs, as well as cuts in subsidies for Amtrak.

Function 450: COMMUNITY AND REGIONAL DEVELOPMENT

SUMMARY

Function 450 covers the community and regional development programs, including the Community Development Block Grant (CDBG), Appalachian Regional Commission (ARC), Economic Development Administration (EDA) and numerous rural development programs including those administered by the Farmer's Home Administration (FmHA). Function 450 also includes funding for disaster assistance.

HIGHLIGHTS

The recommended funding levels for function 450 in 1992 are $6.1 billion in budget authority and $6.7 billion in outlays.

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

The Committee rejects the President's proposed cut in the Community Development Block Grant program of $280 million from 1991 levels. An important source of funds for urban communities and States, CDBG funds a variety of initiatives including economic development, housing projects, public facilities and social services.

ECONOMIC AND RURAL DEVELOPMENT PROGRAMS

The Committee realizes the importance of the Economic Development Administration and its role in improving the economic future of rural communities. The resolution rejects the President's proposal to eliminate the agency. The resolution also rejects large cuts proposed by the President in rural development programs administered by the Farmer's Home Administration (FmHA), the Appalachian Regional Commission (ARC) and the Tennessee Valley Authority (TVA). The Committee supports the activities promoted by these agencies on behalf of rural development.

BLOCK GRANT PROPOSAL

The Committee rejected an amendment supporting a block grant consolidation proposal that would have included $1.1 billion in rural economic development programs.

Function 500: EDUCATION, TRAINING, EMPLOYMENT AND SOCIAL SERVICES

SUMMARY

Function 500 programs promote the general extension of knowledge and skills and assist individuals to become self-supporting members of society. These include: education programs at all levels; employment and training; and grants to States to provide social and rehabilitative services to children, families, the elderly and other needy persons. The function also includes services for handicapped persons.

HIGHLIGHTS

The recommended funding levels for function 500 in 1992 are $54.2 billion in budget authority and $48.2 billion in outlays. The Committee passed "Homefront Initiative" provides an increase of $3.7 billion in budget authority and $700 million in outlays. The Committee Resolution includes reserve fund language which would allow adjustment of Committee budget allocations, as necessary, to cover deficit-neutral initiatives to expand access to early childhood development services for low-income pre-schoolers.

The Committee rejects the President's proposed elimination of the Community Services Block Grant and the Trade Adjustment Assistance Act. Further, the Committee rejects the President's proposed reductions in the Impact Aid and Library programs, and the $1.1 billion proposed rescission of the Interim Assistance to States for Legalization.

GENERAL EDUCATION

The Committee recommendation provides $3.1 billion budget authority increase and $500 million outlay increase for education programs over 1991 levels. The Committee's recommendation for significant increases in education reflects the Congressional commitment to achieving the six National Education Goals by the year 2000.

ELEMENTARY AND SECONDARY EDUCATION

The Committee's recommendation for a $1.0 billion increase in Chapter 1 would allow over 1 million ~~more~~ eligible children to be served. This would raise the percentage of participation from 60 to 70 percent of unserved, eligible children. The recommendation of $450 million for Education of Individuals with Disabilities would allow for an increase in the intended Federal share of per pupil expenditures for children with disabilities. An increase of $75 million in budget authority is recommended for Impact Aid. The committee believes that Impact Aid payments to areas adversely affected by the base closings should receive special consideration. Finally, in order to increase the high school completion rate, the Committee recommends that the Dropout Prevention Program be increased as part of the Congressional commitment to Education Goals.

INDIAN EDUCATION

The Committee believes that the Indian population suffers from extreme proverty and has absorbed deep cuts over the past decade in Federal spending. The Committee recommendation assumes that increases will be based on authorized levels, both for new and existing programs. For Indian Education programs, the Committee recommends funding at last years level plus inflation, restoration of all programs for Native Hawaiians, full funding of authorized levels for impact aid to schools serving American Indian students, and adequate levels of funding for construction of Indian attended schools.

HIGHER EDUCATION

The Committee recommends $100 million for math and science programs to fund the newly authorized national science scholarships and to provide teacher training and retraining. The Committee recommends a $400 million increase in vocational education and adult literacy to ensure that basic skills and workplace training are provided to prevent at-risk students from dropping out of school. The Committee is supportive of literacy programs. It is important that our efforts to combat illiteracy focus on rural areas as well as urban areas. Limited educational resources are a constant obstacle to rural development. With the increasing levels of advanced technology in this nation, literacy skills will become even more important in the job market in the near future. As we work to improve our nation's literacy rate, we cannot afford to leave our rural areas behind. Therefore, we recommend increased support for literacy programs benefitting rural areas.

The Committee recommends a $1.1 billion increase for student aid programs such as Pell Grants, Work Study, Supplemental Educational Opportunity Grants and State Student Incentive Grants, and Special Programs for Disadvantaged Students (TRIO) programs. The Committee assumes full funding with an allowacne for inflation at the fiscal year 1991 authorization level for Historically Black Colleges and Universities under Title III, Part B of the Higher Education Act Amendments of 1986. The Committee gives high priority to TRIO programs as a vehicle to expand higher educational opportunities among the Nation's growing population of low-income youth and young adults. Investment in the TRIO programs is a cost effective means of ensuring the individuals from low-income backgrounds are fully prepared for the twenty-first century economy

HEAD START

The Committee recommendation assumes an increase of $450 million in budget authority and $221 million in outlays for the Head Start program. This recommendation would increase the number of eligible children served by approximately 78,000, which represents an increase in the percentage of eligible children served from 31 percent in 1991 to over 36 percent in 1992.

JOB TRAINING

The Committee observes that a skills gap currently exists within the work force. The Committee supports a strong long-term commitment to training to enhance the skills of American workers to match the skill requirements of an increasingly knowledge-intensive economy. A better trained work force is essential to ensure future productivity and income growth.

Recognizing its 27 year successful track record of helping to educate and train the nation's disadvantaged youth, the Committee suports the "50-50 Plan," a long-term expansion of Job Corps. The expansion plan would include building new centers, plus expanding existing centers with capacity limits in order to steadily increase the number of disadvantaged youth served in the next decade.

The Committee rejects the Administration 1992 Job Corps proposal to utilize $20 million, previously authorized for the opening of the Connecticut, Alaska, California, and North Dakota new Job Corps centers, for the Job Corps 1992 capital account. The Committee directs that the $20 million be used to open the remaining four new centers as Congress has authorized.

The Committee again rejects the President's proposal to eliminate the Trade Adjustment Assistance (TAA) Program. The current recession only deepens the Committee's commitment to TAA and to the worker dislocation program within Title III of the Job Training Partnership Act.

OTHER FUNCTION 500 PROGRAMS

The Committee recommendation assumes for all other function 500 programs at the "policy neutral" baseline levels.

Function 550: HEALTH

SUMMARY

Function 550 covers health programs other than Medicare and Veterans programs, including Medicaid, State grants for health services and prevention, biomedical research, Indian Health, Federal retiree health benefits, health education and training, and consumer and occupational health and safety.

HIGHLIGHTS

The recommended funding levels for function 550 in 1992 are $82.9 billion in budget authority and $83.3 billion in outlays. The Committee-passed "Homefront Initiative" added $300 million in budget authority and $200 million in outlays for child health programs. The Committee Resolution includes reserve fund language which would allow adjustment of Committee budget allocations, as necessary, to cover deficit-neutral initiatives to make improvements in current health care programs, particularly long term home and institutional care, and to begin phasing in a new program of universal health care access for all Americans. Further, the Resolution includes reserve fund language which would allow adjustment of Committee budget allocations, as necessary, to cover deficit-neutral Medicaid initiatives in child health and other program improvements.

CHILD HEALTH

The Committee resolution assumes an increase of $266 million over 1991 funding levels for child health and infant mortality prevention programs, including Community and Migrant Health Centers, Maternal and Child Health Block Grant, National Health Service Corps, and Childhood Immunizations as well as increased emphasis on infant mortality prevention through both new and existing programs.

COMMUNITY AND MIGRANT HEALTH CENTERS

The Committee notes that Community and Migrant Health Centers provide primary health care services for more than 6 million low-income individuals, including 3 million women and children in medically-underserved areas. The Committee believes that Centers have demonstrated positive results in reducing infant mortality rates and improving perinatal outcomes among the highest risk pregnant women and infants. The Committee resolution therefore rejects the President's budget proposal to reallocate funds intended for Community and Migrant Health Centers and the Maternal and Child Health block grant and Special Projects of Regional and National Significance in order to initiate or sustain a targeted infant mortality initiative in a few communities. The Committee resolution assumes increased funding for Community and Migrant Health Centers and the Maternal and Child Health block grant, and other proven maternal and child health programs as part of an overall approach to infant mortality prevention and reductions.

The Committee believes that increases in funding for Community and Migrant Health Centers and the National Health Service Corps will help promote more accessible health care for individuals in rural and other under-served areas. It has become increasingly important to develop and strengthen those programs designed to alleviate the lack of health care providers in rural areas.

HEALTH

The Committee also assumes increased funding for homeless health care, AIDS research, prevention and intervention activities, and for National Institutes of Health biomedical research.

The Committee assumes an increase in funding for public health activities to meet the dramatically increasing need for AIDS-related health care, including funding increases for the newly-enacted Ryan White Comprehensive AIDS Resources Emergency Act which provide resources for early intervention and treatment of AIDS patients. The Committee recognizes that the success of the public/private partnership created with Title I funds has significantly eased the burdens facing systems of public health care.

The Committee is concerned that the Nation's commitment to cancer research is eroding in view of the fact that funding for cancer research has decreased while funding for other medical research programs has grown. Cancer afflicts over 1 million people annually. The Committee urges the National Institutes of Health to devote the necessary efforts in the coming years to insure that the National Cancer Program is stablized and stengthened and provided with the requisite resources to address the magnitude of the cancer epidemic.

The Committee assumes additional funds for the Agency for Health Care Policy and Research to conduct more outcomes reserch and devleop practice guidelines that will help to eliminate unnecessary and ineffective health care.

The Committee understands that the overall health status of American Indians falls far below that of the general U.S. population and recommends adequate funding level to address the inequity. The Committee rejects the Administration budget proposal to base new program increases on private insurance collections, and assumes increases in budget authority over and above the same level of care provided in the previous fiscal year.

The Committee recognizes the contributions of the research conducted at the National Institutes of Health and urges continued activity in the area of heart and lung disease. The increasing number of deaths from asthma is alarming and the committee would encourage increased research in that area.

The Committee recognizes that the Centers for Disease Control (CDC) is having difficulty meeting increasing demands for state-of-the-art equipment, adequate supplies and appropriate staff training, and believes that CDC funding should be increased to ensure that this agency can forcefully respond to national health concerns.

MEDICAID

The Committee also assumes equitable treatment for disportionate share hospitals within the Medicaid program, as well as the allowance of States to use hospital voluntary contributions as a portion of the State Medicaid match to expand Medicaid coverage to indigent individuals.

Function 570: MEDICARE

SUMMARY

Function 570 covers Medicare, including Part A hospital insurance, Part B supplemental medical insurance, premiums paid by aged and disabled beneficiaries, and discretionary programs administration costs.

HIGHLIGHTS

The recommended funding levels for function 570 in 1992 are $120 billion in budget authority and $116.8 billion in outlays. The Committee resolution contains language for a reserve fund which would provide for adjustment of Committee budget allocations, as necessary, for deficit-neutral initiatives to make improvements in current health care programs, particularly long term home and institutional care, and to begin phasing in legislation to provide universal access to health care for all Americans.

The reported resolution assumes baseline funding for mandatory Medicare expenditures. The Committee rejects the President's additional Medicare spending reductions for this year, which would adversely affect rural and inner-city hospitals. Further, the Committee is concerned about the Administration's proposal to place home health agencies under a per-discipline cap system rather than an aggregation system.

OTHER MEDICARE

The Committee recognizes that the physician payment reforms enacted by Congress in the Omnibus Budget Reconciliation Act of 1989 (reallocating Medicare payments among different kinds of services and rectifying historical geographical disparities in Medicare payments) could be adversely affected if the Administration's proposed Medicare Part B budget reductions are adopted. Such reductions could further jeopardize the balance struck in enactment of the Resource Based Relative Value Scale.

The Committee assumes an increase in funding for discretionary Medicare program support activities, including increased funding for Medicare contractor claims processing and program audit activities. The Committee urges the Appropriations Committee to consider an allocation of funding for Medicare administration which would support timely processing of the 11.6 percent increase in the volume of Medicare claims, enforcement of payment safeguard activities which help to reduce program costs, and implementation of physician payment reform and other major changes in Medicare enacted in recent years.

Function 600: INCOME SECURITY

SUMMARY

Function 600 provides income assistance and in-kind benefits to needy Americans and others who have experienced a temporary or permanent loss of income. The function includes programs providing benefits to federal retirees and railroad retirees; unemployment benefits; low-income housing assistance; food assistance to low-income households and school children; and cash assistance to specific low-income groups including families with children, the disabled, the elderly, refugees, and households with high energy costs.

HIGHLIGHTS

The recommended funding levels for function 600 in 1992 are $221.3 billion in budget authority and $180.9 billion in outlays. The Home Front Initiative directs an additional $400 million in budget authority and outlays in this function for the Women, Infants and Children program and child care. These levels are include increases for low-income housing, homeless programs, and the administration of the Supplemental Security Income (SSI) and Unemployment Compensation programs. The Committee Resolution includes reserve fund language which would allow adjustment of Committee budget allocations, as necessary, to cover deficit-neutral initiatives to alleviate childhood hunger. The Committee strongly rejects the President's reductions to the Low Income Home Energy Assistance Program.

WOMEN, INFANTS AND CHILDREN (WIC) SUPPLEMENTAL FEEDING PROGRAM

WIC remains one of the Committee's highest priorities. The Homefront Initiative includes a $350 million increase above a freeze for WIC. WIC has proven extremely effective at improving the nutritional and health status of low-income pregnant women and children: a recent study concluded that every dollar spent on a WIC mother or infant saves between $1.77 and $3.13 in Medicaid costs. Despite WIC's effectiveness, the program serves just 54 percent of those eligible for benefits—4 million needy women, infants, and children eligible for WIC remain unserved. The Committee's recommendation is $127 million more than the President requested for WIC, and will allow nearly half a million additional low-income women, infants, and children to receive WIC benefits in 1992.

CHILD CARE

The Home Front Initiative includes a $50 million increase for child care assistance to states, an amount sufficient to fully fund the program. Child care assistance to states is the grant portion of the Child Care bill that passed as a part of last year's Omnibus Budget Reconciliation package.

LOW INCOME HOUSING

The Committee assumes funding above last year's level for low-income housing and homeless assistance programs. The Committee is also aware of the critical housing shortage in Indian areas and recommends that the number of HUD Indian housing units be funded at a minimum of 3,000 in fiscal year 1992.

LOW INCOME HOME ENERGY ASSISTANCE

The Committee strongly rejects the President's reductions to LIHEAP and, recognizing the importance of the program to millions of families, recommends priority funding at a minimum of last year's level.

UNEMPLOYMENT INSURANCE ADMINISTRATION

The Committee recognizes that Congress enacted a $150 million supplemental appropriation for 1991 and assumes that any 1992 supplemental for Unemployment Insurance (UI) administrative costs will also be designated as emergency.

In eight out of the last 10 years, UI administrative funds have required a supplemental appropriation because of the uncertainty of predicting unemployment rates a year in advance. While the Committee has reservations about the use of contingency reserve funds to address the problem of changing economic conditions because of the danger of setting a precedent, UI administrative funds may merit special consideration due to the frequency of the need for supplementals, the fact that they are an integral part of the federal government's front line response to a recession and the fact that the program is self-financing with adequate trust fund reserves. In light of these special considerations, the Committee acknowledges that limited use of such a contingency fund for UI administrative costs could minimize the type of program disruptions that regularly occur as a result of uncertain economic predictions.

The Committee is also concerned about the disparity between the Office of Management and Budget and the Congressional Budget Office baseline assumptions for UI administrative costs. This disparity results from last year's changes in the methodology for determining baseline numbers. The Committee urges that CBO report to the Committee as early as possible regarding the establishment of a methodology that most accurately reflects the true cost of UI administrative expenses.

Function 650: SOCIAL SECURITY

SUMMARY

Function 650 provides income support to individuals when need arises from the retirement, disability, or death of a wage earner insured under the Social Security program. Only the on-budget impacts of the Social Security program are shown here. The off-budget allocations are described elsewhere in this report.

HIGHLIGHTS

The recommended on-budget funding levels for function 650 in 1992 are $5.9 billion in budget authority and $8.2 billion in outlays.

SOCIAL SECURITY ADMINISTRATIVE COSTS

The Office of Management and Budget has ruled that the administrative costs of the Social Security program should be on-budget and subject to the domestic discretionary spending caps. The Congressional Budget Office disagrees with this position. A statutory change is required to change the Office of Management and Budget's treatment of these costs. The nnotes that such legislation has already been introduced in the House of Representatives and may be considered later this year by the full Senate. In the interim, this report shows the administrative costs for Social Security in the on-budget totals.

Function 700: VETERANS AFFAIRS

SUMMARY

Function 700 includes veterans compensation and pension payments, health services programs for veterans, housing loan guarantees, medical research and medical facility construction, education and training for veterans, and several other veterans benefits programs.

HIGHLIGHTS

The recommended funding levels for function 700 in 1992 are $33.4 billion in budget authority, and $33.5 billion in outlays. The committee rejects the Administration's proposal to limit survivors education assistance to natural and adopted childen, and the proposal to increase medical care copayments after they were just increased last year. The Committee unanimously recommends a sense of the Congess resolution calling for the Appropriations Committee to provide the maximum amount of funding possible within the caps for the veterans medical care program and requests the Veterans Committee to consider other savings options sufficient to replace the provision that passed in last year's Reconciliation bill limiting the estate size of certain incompetent veterans.

COST OF LIVING ADJUSTMENTS

The Committee recommendation assumes full COLAs for veterans pension and compensation programs including a double COLA in January to replace the COLA that was lost in December of 1990.

Function 750: ADMINISTRATION OF JUSTICE

SUMMARY

Function 750 includes funds for Federal law enforcement activities, anti-drug efforts, immigration programs, judicial and litigative programs, the Federal Prisons System, criminal justice assistance to States and localities, and legal services for the poor.

HIGHLIGHTS

The recommended funding levels for function 750 in 1992 are $12.9 billion in budget authority and $13.2 billion in outlays.

THE JUDICIARY

The Committee recognizes the critical role of the Judiciary in the war on crime and drugs and in speedy disposition of civil cases. The Committee also recognizes the large and continuing growth in the workload of the Judiciary over the past several years.

In addition to the recent dramatic increases incriminal drug filings, cases involving weapons or firearms, immigration prosecution, bankruptcy filings, and civil filings related to drug cases, recently enacted legislation increases the pressure for greater funding for the Judiciary. Cost pressures come from civil justice reform, higher juror fees, savings and loan prosecutions, new judgeships, and pay reform.

While the allocation for function 750 cannot accommodate all of the requests in this area, the Committee urges the Appropriations Committee to consider full funding for the Judiciary.

Function 800: GENERAL GOVERNMENT

SUMMARY

Function 800 covers the Legislative Branch, the Executive Office of the President, fiscal operations of the Treasury, other central government functions, revenue-sharing programs, and treaty obligations.

HIGHLIGHTS

The recommended funding levels for function 800 in 1992 are $13.3 billion in budget authority and $12.5 billion in outlays. This includes $12.1 billion in budget authority and $11.2 billion in outlays for discretionary programs.

WASTEFUL FEDERAL SPENDING

Given the very tight constrains on federal spending the Committee encourages and endorses efforts to reduce wasteful federal spending. The Committee recognizes the important efforts of the General Accounting Office and the offices of the Inspectors General in identifying waste, fraud and abuse in the federal government. The Committee urges authorizing and appropriations, committees to review and consider the results of the audits and investigations of those offices in order to identify budget savings.

INTERNAL REVENUE SERVICE

Under the terms of the 1990 budget summit agreement, an additional $172 million in budget authority and $161 million in outlays is available outside of the discretionary caps for appropriations to the Internal Revenue Service for tax compliance initiatives. The Committee urges the Appropriations Committee to fund these initiatives.

Function 900: NET INTEREST

SUMMARY

The net interest function includes (1) interest on the public debt, including interest on securities sold to the public and to trust funds and (2) other interest payments and collections of the Federal government.

HIGHLIGHTS

The recommended funding levels for function 900 in 1992 are $235.4 billion in budget authority and outlays.

Function 920: ALLOWANCES

SUMMARY

Function 920 traditionally includes funding for contingencies and other proposals where the savings and costs have not been distributed by function and thus its contents vary from year to year.

HIGHLIGHTS

The recommended funding levels for function 920 in 1992 are $0.0 in budget authority and −$16.9 billion in outlays. This function includes an adjustment for estimating differences between OMB and CBO.

Function 950: UNDISTRIBUTED OFFSETTING RECEIPTS

Summary

Function 950 is comprised of miscellaneous receipts of the Federal government including rents and royalties on the Outer Continental Shelf and the employer share of Federal employee's retirement (including military retirement).

Highlights

The recommended funding levels for function 950 in 1992 are −32.6 billion in budget authority and outlays.

POLICY NEUTRAL RESOLUTION AS AMENDED, BY FUNCTION

[In billions of dollars]

Function		1992	1993	1994	1995	1996
050: National Defense	BA	290.8	290.9	289.1	292.0	300.6
	O	295.3	292.0	291.3	292.2	297.7
150: International Affairs	BA	22.3	22.1	21.4	21.6	22.3
	O	17.9	18.1	19.2	19.8	20.1
250: Space, Science and Technology	BA	16.5	17.2	17.1	17.3	17.8
	O	16.2	16.6	16.5	16.7	17.7
270: Energy	BA	5.4	6.1	6.4	5.8	5.8
	O	4.5	5.2	5.3	4.5	4.5
300: Natural Resources	BA	19.5	20.7	20.5	20.7	21.2
	O	19.7	20.1	19.8	20.3	21.5
350: Agriculture	BA	22.6	19.2	17.2	18.0	13.9
	O	17.1	15.7	14.3	13.2	12.6
370: Commerce, Housing Credit	BA	105.9	57.7	38.7	21.1	17.9
	O	105.1	53.9	30.2	−42.0	−38.3
400: Transportation	BA	32.2	33.5	34.1	35.0	36.4
	O	33.5	34.0	33.6	34.3	36.7
450: Community, Regional Development	BA	6.1	6.4	6.4	6.4	6.6
	O	6.7	6.4	6.1	6.1	6.3
500: Education	BA	54.2	53.7	52.9	53.2	54.8
	O	48.2	51.9	51.1	51.4	49.6

POLICY NEUTRAL RESOLUTION AS AMENDED, BY FUNCTION—Continued

[In billions of dollars]

Function		1992	1993	1994	1995	1996
550: Health	BA	82.9	92.9	102.2	112.3	124.5
	O	83.3	92.5	101.0	111.1	123.8
570: Medicare	BA	120.0	131.3	145.3	161.7	180.8
	O	116.8	128.1	141.7	157.2	176.2
600: Income Security	BA	221.3	229.2	240.6	253.4	266.1
	O	180.9	188.9	198.7	207.9	217.6
650: Social Security	BA	5.9	6.5	7.1	7.7	8.4
	O	8.2	8.8	9.4	10.1	11.0
700: Veterans	BA	33.4	34.9	35.0	35.7	36.3
	O	33.5	34.6	36.3	35.4	35.1
750: Administration of Justice	BA	12.9	13.6	13.5	13.6	14.0
	O	13.2	13.5	13.4	13.7	14.5
800: General Government	BA	13.3	13.8	13.4	13.6	14.2
	O	12.5	13.2	12.6	13.0	14.1
900: Net interest	BA	235.4	253.0	268.8	280.4	292.5
	O	235.4	253.0	268.8	280.4	292.5
Gross interest (non-add)	BA	(312.8)	(337.9)	(357.0)	(369.9)	(380.7)
	O	(312.8)	(337.9)	(357.0)	(369.9)	(380.7)
920: Allowances	BA	0.0	0.0	0.0	0.0	0.0
	O	−16.9	−12.6	−76.3	−14.6	−22.6
950: Offsetting receipts	BA	−32.6	−33.3	−33.9	−34.5	−35.0
	O	−32.6	−33.3	−33.9	−34.5	−35.0
Total, policy neutral as amended	BA	1,268.0	1,269.3	1,295.7	1,334.9	1,399.0
	O	1,198.3	1,200.8	1,159.1	1,196.2	1,255.6
Revenues		847.1	913.4	1,000.5	1,078.4	1,147.9
Deficit		−351.2	−287.4	−158.6	−117.8	−107.7

Addendum—Consolidated Totals

Social Security:					
Outlays	250.2	262.6	273.4	283.3	292.8
Revenues	315.3	338.7	365.5	389.8	417.2
Surplus	65.1	76.1	92.1	106.5	124.4
Postal Service:					
Outlays	−0.4	1.6	−1.4	−1.3	0.1

Addendum—Consolidated Totals—Continued

Consolidated total:					
Outlays	1,448.1	1,465.0	1,431.1	1,478.2	1,548.5
Revenues	1,162.4	1,252.1	1,366.0	1,468.2	1,565.1
Deficit	−285.7	−212.9	−65.1	−10.0	16.6

COMMITTEE RECOMMENDATION BY FUNCTION

[In billions of dollars]

	1992		1993		1994		1995		1996	
	BA	Outlays	BA	Outlays	BA	Outlays	BA	Outlays	BA	Outlays
050:										
Discretionary	291.4	295.8	291.5	292.5	289.7	291.9	292.6	292.8	301.2	298.3
Mandatory	−0.6	−0.5	−0.6	−0.5	−0.6	−0.6	−0.6	−0.6	−0.6	−0.6
Total	290.8	295.3	290.9	292.0	289.1	291.3	292.0	292.2	300.6	297.7
150:										
Discretionary	22.2	19.8	22.9	20.6	22.8	21.9	23.0	22.5	23.7	23.0
Mandatory	0.1	−1.9	−0.8	−2.5	−1.4	−2.7	−1.4	−2.7	−1.4	−2.9
Total	22.3	17.9	22.1	18.1	21.4	19.2	21.6	19.8	22.3	20.1
250:										
Discretionary	16.5	16.2	17.2	16.6	17.1	16.4	17.3	16.7	17.8	17.8
Mandatory	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Total	16.5	16.2	17.2	16.6	17.1	16.5	17.3	16.7	17.8	17.7
270:										
Discretionary	5.6	5.2	5.8	5.7	5.8	5.6	5.9	5.8	6.0	6.1
Mandatory	−0.2	−0.8	0.2	−0.5	0.6	−0.3	−0.1	−1.2	−0.3	−1.6
Total	5.4	4.4	6.1	5.2	6.4	5.3	5.8	4.5	5.8	4.5
300:										
Discretionary	19.8	20.0	20.7	20.4	20.6	20.2	20.8	20.5	21.5	21.8
Mandatory	−0.3	−0.3	−0.1	−0.3	−0.1	−0.3	−0.1	−0.2	−0.3	−0.3

COMMITTEE RECOMMENDATION BY FUNCTION—Continued

[In billions of dollars]

	1992		1993		1994		1995		1996	
	BA	Outlays	BA	Outlays	BA	Outlays	BA	Outlays	BA	Outlays
Total	19.5	19.7	20.7	20.1	20.5	19.8	20.7	20.3	21.2	21.5
350:										
Discretionary	3.6	3.5	3.8	3.7	3.8	3.7	3.8	3.7	3.9	4.0
Mandatory	19.0	13.6	15.4	12.0	13.5	10.6	14.2	9.5	10.0	8.6
Total	22.6	17.1	19.2	15.7	17.2	14.3	18.0	13.2	13.9	12.6
370:										
Discretionary	3.7	3.3	3.8	3.6	3.8	3.6	3.8	3.6	3.9	3.9
Mandatory	102.3	101.7	53.9	50.3	34.9	26.6	17.3	−45.7	13.9	−42.2
Total	105.9	105.1	57.7	53.9	38.7	30.2	21.1	−42.0	17.9	−38.3
400:										
Discretionary	13.8	33.2	14.5	33.7	14.4	33.3	14.5	33.9	15.0	36.0
Mandatory	18.5	0.3	19.1	0.3	19.8	0.3	20.5	0.4	21.5	0.7
Total	32.2	33.5	33.5	34.0	34.1	33.6	35.0	34.3	36.4	36.7
450:										
Discretionary	5.9	6.1	6.2	6.0	6.2	5.9	6.2	6.0	6.4	6.4
Mandatory	0.1	0.6	0.2	0.5	0.2	0.2	0.1	0.1	0.1	−0.1
Total	6.1	6.7	6.4	6.4	6.4	6.1	6.4	6.1	6.6	6.3
500:										
Discretionary	38.9	34.4	40.3	38.1	40.1	38.3	40.4	39.0	41.5	41.1

Mandatory	15.3	13.8	13.4	13.8	12.8	12.9	12.8	12.4	13.3	8.5
Total	54.2	48.2	53.7	51.9	52.9	51.1	53.2	51.4	54.8	49.6
550:										
Discretionary	19.3	18.4	20.1	19.4	20.0	19.3	20.2	19.6	20.8	20.8
Mandatory	63.6	64.8	72.7	73.1	82.1	81.7	92.1	91.5	103:7	103.0
Total	82.9	83.3	92.9	92.5	102.2	101.0	112.3	111.1	124.5	123.8
570:										
Discretionary	2.6	2.6	2.8	2.7	2.7	2.7	2.8	2.7	2.9	2.9
Mandatory	117.4	114.2	128.5	125.4	142.5	139.0	158.9	154.5	177.9	1 .3
Total	120.0	116.8	131.3	128.1	145.3	141.7	161.7	157.2	180.8	176.2
600:										
Discretionary	31.0	30.3	30.7	33.0	30.0	33.5	32.0	34.6	37.5	36.8
Mandatory	190.3	150.5	198.6	156.0	210.6	165.3	221.4	173.4	228.7	1 .9
Total	221.3	180.9	229.2	188.9	240.6	198.7	253.4	207.9	266.1	217.6
650:										
Discretionary	0.0	2.3	0.0	2.4	0.0	2.4	0.0	2.4	0.0	2.6
Mandatory	5.9	5.9	6.5	6.4	7.1	7.0	7.7	7.7	8.4	8.4
Total	5.9	8.2	6.5	8.8	7.1	9.4	7.7	10.1	8.4	11.0
700:										
Discretionary	14.6	14.8	15.4	15.1	15.3	14.9	15.5	15.2	15.9	16.1
Mandatory	18.8	18.6	19.5	19.5	19.7	21.4	20.2	20.2	20.3	19.0
Total	33.4	33.5	34.9	34.6	35.0	36.3	35.7	35.4	36.3	35.1

COMMITTEE RECOMMENDATION BY FUNCTION—Continued

[In billions of dollars]

	1992		1993		1994		1995		1996	
	BA	Outlays	BA	Outlays	BA	Outlays	BA	Outlays	BA	Outlays
750:										
Discretionary	12.6	12.9	13.3	13.3	13.2	13.1	13.3	13.3	13.7	14.2
Mandatory	0.3	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Total	12.9	13.2	13.6	13.5	13.5	13.4	13.6	13.7	14.0	14.5
800:										
Discretionary	12.1	11.2	12.8	12.1	12.7	12.0	12.8	12.2	13.2	13.0
Mandatory	1.2	1.3	1.0	1.0	0.7	0.6	0.8	0.8	1.0	1.1
Total	13.3	12.5	13.8	13.2	13.4	12.6	13.6	13.0	14.2	14.1
900:										
Total	235.4	235.4	253.0	253.0	268.8	268.8	280.4	280.4	292.5	292.5
920:										
Total	0.0	−16.9	0.0	−12.6	0.0	−76.3	0.0	−14.6	0.0	−22.6
950:										
Total	−32.6	−32.6	−33.3	−33.3	−33.9	−33.9	−34.5	−34.5	−35.0	−35.0
Totals:										
Spending	1,268.0	1,198.3	1,269.3	1,200.8	1,295.7	1,159.1	1,334.9	1,196.2	1,399.0	1,255.6
Revenues		847.1		913.4		1,000.5		1,078.4		1,147.9
Deficit		−351.2		−287.4		−158.6		−117.8		−107.7

Chapter IV. LANGUAGE PROVISIONS IN THE RESOLUTION

In the wake of the Budget Enforcement Act of 1990, the format of the budget resolution differs somewhat from that used in previous years. The Committee on the Budget also chose to address several areas of concern in resolution languages, most of which appears at the end of the resolution.

NUMERICAL DISPLAYS

CHANGES REQUIRED BY THE NEW BUDGET LAW

The Budget Enforcement Act changed the display of the deficit and the major aggregates in the budget resolution. Notably, the new law took Social Security off budget. The budget resolution may no longer include Social Security in the Federal budget deficit or surplus. Rather, the law requires the budget resolution to set forth the on-budget totals, and these receive more prominent display at the beginning of the committee-reported resolution. Consequently, the deficit in budget resolutions appears about $70 to $129 billion above the levels that would be shown if Social Seucrity were on budget.

DISPLAY OF ALTERNATIVE MEASURES OF THE DEFICIT

Several Members of the committee, notably Senators Sanford, Simon, Exon, and Hollings, have called for a more honest display of the deficit. In the past 2 years, to address these concerns, the resolution has set forth a number of alternative deficit displays, many of which the committee in the past voted to include in the resolution. Last year, the Budget Enforcement Act responded to these calls by amending the Congressional Budget Act to provide for such displays. This year's budget resolution contains three provisions relating to differing displays of the deficit. Each of these provisions reflects the same underlying facts that lead to the deficit amounts appearing in section 2 of the resolution, which sets forth the deficit as defined in section 3(6) of the Congressional Budget Act.

Section 3 sets forth the increase in the debt. The new law amended section 301(b)(5) of the Congressional Budget Act to provide for display in the budget resolution of a heading entitled "Debt Increase as Measure of Deficit" in which the resolution sets forth the amounts by which the debt subject to limit (in section 3101 of title 31 of the United States Code) would increase in each of the relevant fiscal years.

Section 4 shows retirement trust fund balances. Once again, the new law amended section 301(b)(6) of the Congressional Budget Act, to allow a heading entitled "Display of Federal Retirement Trust Fund Balances" in which the resolution may set forth the balances of the Federal retirement trust funds.

Section 6(19) of the resolution shows the levels of gross interest that correspond to the levels of net interest shown in major functional category 900, which appear in section 6(18) of the resolution.

MISCELLANEOUS LANGUAGE PROVISIONS

Asset Sales and Loan Prepayments

The resolution includes a provision on asset sales that is very similar to those in every budget resolution since that for fiscal year 1988. The section would prevent, during the time that the budget resolution is in effect, the use for spending of the proceeds from asset sales and loan prepayments. If does this by prohibiting the counting of assets sales for purposes of the allocations to committees under sections 302, 601, and 602 of the Congressional Budget Act. This provision is consistent with section 257(e) of Gramm-Rudman-Hollings (the Balanced Budget and Emergency Deficit Control Act of 1985 as amended by the new law) which prohibits the counting of asset sales and loan prepayments for the purposes of determining whether that Act calls for across-the-board cuts.

This section does not preclude asset sales or loan prepayments; it merely precludes counting such transactions to the benefit of any committee. As this section, if adopted by the Senate and the House, would be a rule of the Senate and the House, respectively, it would supersede any previously adopted scorekeeping rules of the Senate or the House (for example, the Congressional Budget Act definition of "outlays") to the extent that they were inconsistent.

This section also does not determine whether an action constitutes an asset sale, a loan prepayment, or neither. It adopts the definition of those terms that exists in current law. If the Congress adopts this provision, it will not affect the decision that the proposed Arctic National Wildlife Refuge (ANWR) leases constitute asset sales.

Accounting Treatment of Social Security Revenues

The new law requires the budget resolution to provide two numbers for Social Security for each year: a ceiling on outlays and a floor for revenues. On the Senate floor, an amendment can change either of these numbers. Under existing law, if an amendment increases the outlay ceiling, then legislation that raises Social Security outlays would be in order later in the year. Under the existing law, if an amendment lowers the revenue floor, then legislation that cut Social Security revenues would be in order later in the year. In addition (under section 302(f) of the Congressional Budget Act), if an amendment passed that lowered the revenue floor by some amount, then legislation that increased Social Security outlays by an equal amount would also be in order later in the year.

An example may help to explain this. Suppose that an amendment in the Senate successfully lowered the revenue floor by $10 billion. This would allow a $10 billion Social Security revenue cut to be considered later in the year without a point of order against it. Under current law, however, lowering the Social Security revenue number in the budget resolution by $10 billion would have another effect that supporters of the amendment may not have intended. It would also permit a spending increase of $10 billion. The $10 billion could be used either for a tax cut or a spending increase, whichever came first. In other words, if legislation came to the floor raising Social Security spending by $10 billion, that bill would be in order if it were taken up before the tax cut legislation.

The language of section 8 would preclude this additional possibility. A $10 billion reduction in the Social Security revenue number could be used *only* to permit a tax cut. It could *not* be used to permit a Social Security spending increase. This is as it should be. A vote on Senator Moynihan's tax cut proposal should be a vote on that proposal alone. A vote in favor of that change should not also allow a Social Security spending increase.

Senators are still completely free to pursue Social Security spending increases, such as raising the earnings limit on Social Security. The langauge of section 8 does not change that. They can do so by offering an amendment to the budget resolution on the floor that raises the Social Security outlay ceiling. They cannot, however, achieve that purpose by taking advantage of a positive vote in favor of a Social Security tax cut. That is what section 8 precludes.

Section 8 does not change the number of votes required to pass any amendment during consideration of a budget resolution. Current law provides that amendments to the budget resolution on Social Security on the Senate floor require a majority vote to pass. Section 8 does not increase or decrease the number of votes needed.

Section 8 also states the sense of the Congress that the Congress should not enact major reductions in Social Security revenues unless the current actuarial estimates of the Social Security Trust Funds over the next 75 years indicate the Trust Funds are actuarilly sound. Currently, the actuarial estimates for the next 75 years show a very slight imbalance for the Trust Funds. This language does not address the question of enactment of legislation that would restore the actuarial balance of the Trust Funds over a 75 year period, even though it reduced revenues in some years.

RESERVE FUNDS

As noted in this report's discussion of the new budget process, the new budget law explicitly provided that reserve funds would serve as the vehicle to implement the new pay-as-you-go process in the Senate. Section 9 of the resolution sets forth a reserve fund listing five priority areas. By lising them in the reserve fund, the resolution clears the way of procedural hurdles to allow the Congress to address these areas in substantive legislation later in the year.

The reserve fund provision in section 9 is similar to reserve funds that every budget resolution since that for fiscal year 1987 has included. In past resolutions, reserve funds have provided for children, including funding through tax credits (fiscal years 1991 and 1990), the anti-drug initiative (fiscal year 1989), medicaid (fiscal year 1990), the welfare reform initiative (fiscal years 1989 and 1988), the medicare catastrophic health insurance initiative (fiscal years 1989 and 1988), unmet critical needs requested by the President (fiscal year 1987), and a general Revenue Sharing extension (fiscal year 1987).

Section 9 provides that budget authority and outlays may be allocated to the appropriate committees of jurisdiction for increased funding if another committee or the conference committee reports legislation within that committee's jurisdiction that will reduce an offsetting amount of spending so as not to increase the deficit in the resolution. When that legislation is reported and again upon the submission of a conference report, the Chairman of the Committee on the Budget may file with the Senate appropriately revised allocations under sections 302(a) and 602(a) of the Congressional Budget Act and revised functional levels and aggregates to carry out this section. Although the Budget Committee did not write provisions that govern the House of Representatives so as to accommodate the House's desire to write its own rules, the committee fully expects that provisions governing the House will be added to this section in conference.

Section 9 addresses five separate priorities: (1) to improve the health and nutrition of children and to provide for innovative programs of preventive services to strengthen families, (2) economic recovery initiatives for unemployment compensation or other, related programs, (3) to make continuing improvements in ongoing health care programs or to begin phasing/in health insurance coverage for all Americans, (4) direct spending legislation that increases funding to expand access to early childhood development services for low-income pre-schoolers, and (5) surface transportation.

The reserve fund regarding the health and nutrition of children is designed to cover, among other initiatives, deficit-neutral medicaid initiatives in child health and deficit-neutral initiatives to combat childhood hunger. Hunger is pervasive among American children. A recent study, the Community Childhood Identification Project (CCHIP), estimated that 5.5 million low-income children under age 12 are hungry, and 6 million more are at risk of being hungry. This means that 1 and 8 American children lives in a household in which there is not enough to eat. The study also concluded that hungry children are more likely to suffer from health problems and be absent from school. The reserve fund language would enable Congress to expand nutritional benefits to children in programs such as Child Nutrition and Food Stamps. With 82 percent of program benefits going to families with children, the Food Stamp program is the Nation's largest child nutrition program.

The reserve fund language regarding health care is designed to cover, among other initiatives, deficit-neutral initiatives to make improvements in current health care programs, particularly long term home and institutional care, and to begin phasing in legislation to provide universal access to health care for all Americans.

The Surface Transportation Act reserve fund language is designed to cover, among other initiatives, deficit-neutral Federal-Aid-Highway, Section 3 Mass Transit Capital Grant, and Highway Safety Grant initiatives. The language would allow for adjustments to committee outlays totals only in the event that Congress enacts the Surface Transportation Act after it enacts the Transportation Appropriations and the Surface Transportation Act generates additional outlays. Potential initiatives include: (1) Federal-Aid-Highways: funding for construction and maintenance of a national highway and bridge system including federal interstate, primary and secondary highways, (2) Motor Vehicle Safety Grants: funding for safety inspections of commercial trucks and buses, and for safety audits at truck and bus terminals, (3) Highway Safety Grants: funding for highway safety grants to states from the highway trust fund to focus on such issues as improved traffic law enforcement and drunk driving prevention, and (4) Section 3 Mass Transit Capital Grants: funding to expand mass transit system construction and acquisition projects.

SENSE OF THE SENATE IN SUPPORT OF CHILDREN AND THE FAMILY

Section 10 of the resolution states the sense of the Congress that if Congress enacts an income surtax on millionaires, then Congress will use the revenue generated by that surtax to offset a commensurate increase in direct tax assistance to families, which will include increasing dependent exemptions and tax credits for children.

HIGH PRIORITY DISCRETIONARY PROGRAMS

Section 11 of the resolution states the finding that inefficient, parochial, and outdated programs exist within the current inventory of Federal programs, in both the domestic and defense areas. Section 11 also states the sense of the Congress that, within the discretionary caps, the Committee on Appropriation should (1) consider proposals to terminate substandard and inefficient programs in 1992, (2) reduce the Federal investment in outdated programs; and (3) reallocate those resources to higher-priority programs.

FAIRNESS IN FEDERAL PROGRAM BENEFITS

Section 12 of the resolution states the finding that Federal spending for all segments of the population has grown significantly over the last 2 decades, and that Federal benefits increasingly have been provided not necessarily to the poor, but to those who have pre-transfer incomes above the poverty line. Substantial amounts of Federal Government spending—nearly $26.5 billion in calendar year 1989—went to households with incomes in the top 20 percent of all households. Section 12 lists several programs that continue to grow.

Section 12 states the sense of the Congress in support of a wiser, more fair and more equitable distribution of Federal benefits. Section 12 states that subsidies provided to the wealthiest should be either redirected to provide more assistance to the poor or applied to further deficit reduction.

VETERANS' PROGRAMS

Section 13 states the sense of the Congress that veterans' programs are a top national priority and that critical veterans needs—particularly in the area of veterans medical care—must be addressed. The section states that Congress urges the Committees on Appropriations, while acting within the discretionary caps, to give maximum consideration to veterans' benefits programs.

As a result of the Consolidated Omnibus Budget Reconciliation Act of 1990 (Public Law 101–508), some disabled, mentally incompetent veterans may be receiving discriminatory treatment. The Reconciliation Act of 1990 provides that non-institutionalized incompetent veterans without spouse, child, or dependent, whose estate exceeds $25,000 (excluding the value of the home), are not eligible for compensation benefits until the value of the estate is reduced to $10,000. Section 13 states the sense of the Congress that this law may be inconsistent with the Americans with Disabilities Act (Public Law 101–336) and, therefore, may be discriminatory. Section 13 further states that the committees of jurisdiction should modify the provisions of the Omnibus Reconciliation Act of 1990, on a deficit-neutral basis, to provide alternative methods for achieving the budget savings assumed within that Act.

Chapter V: ENFORCEMENT PROCEDURES

COMMITTEE ALLOCATIONS

Sections 302(a)(2) and 602(a)(2) of the Congressional Budget Act require that the statement of the managers accompanying the conference report on the budget resolution allocate, based upon the budget resolution, the appropriate levels of total budget outlays and total new budget authority among the congressional committees that have jurisdiction over legislation providing such authority. For appropriations committees Section 301(e)(9) requires the Budget Committee's report accompanying the budget resolution to include those same allocations.

The method for allocating the budget resolution totals this year parallels in most respects that of the last several years. All permanent appropriations of budget authority or outlays are allocated to the committee that wrote the permanent law. All "current" appropriations—amounts to be provided by this year's appropriations bills—are allocated to the Appropriations Committee. Entitlement authority is also allocated to committees. All amounts associated with an existing entitlement law are allocated to the authorizing committee that wrote the law. This is the case whether the entitlement is funded by permanent or current appropriations. One significant change from previous years, is that allocations to authorizing committees are now prepared on both a 1 and 5-year total basis.

SECTION 302(b) SUBDIVISIONS BY COMMITTEES

Section 302(b) of the Act provides that following adoption of the budget resolution conference report, each committee may subdivide its section 302(a) allocation. The Appropriations Committee *must* subdivide its amounts among its 13 subcommittees and further subdivide the amounts with respect to each subcommittee between controllable amounts and all other amounts. Every other committee to which an allocation is made *may* subdivide the allocation among its subcommittee or among programs over which it has jurisdiction, and further subdivide the amount with respect to each subcommittee or program between controllable amounts and all other amounts.

These subdivisions become official scorekeeping targets that the Senate uses (along with the budgetary aggregates, the discretionary spending limits, and the maximum deficit amount set forth under Gramm-Rudman-Hollings) in measuring spending bills. As well, for authorizing committees, the section 302(a) allocation also provides constraint. Section 302(f) prohibits consideration of any measure that, if enacted, would breach a committee's 302(a) or 302(b) allocation.

Social Security Allocations

Section 302(a)(2) of the Act requires that the statement of the managers accompanying the conference report on the budget include an estimated allocation, based upon the budget resolution, of the appropriate levels of Social Security outlays for the fiscal year of the resolution and for each of the 4 succeeding fiscal years among each committee of the Senate which has jurisdiction over legislation providing for such outlays. The appropriate allocations for Social Security are shown in the table below.

SENATE COMMITTEE BUDGET AUTHORITY AND OUTLAY ALLOCATIONS PURSUANT TO SECTION 302 OF THE CONGRESSIONAL BUDGET ACT FOR 1992–96

[In millions of dollars]

Committee	Direct spending jurisdiction		Entitlements funded in annual appropriations	
	Budget authority	Outlays	Budget authority	Outlays
Agriculture, Nutrition, and Forestry	76,631	54,849	104,604	55,601
Armed Services	268,726	198,803	0	0
Banking, Housing, and Urban Affairs	240,967	87,591	0	0
Commerce, Science, and Transportation	12,462	962	2,765	2,746
Energy and Natural Resources	8,289	6,771	237	237
Environment and Public Works	89,200	9,639	0	0
Finance	2,829,397	2,807,129	591,260	590,124
Foreign Relations	55,676	53,580	0	0
Governmental Affairs	414,982	267,865	750	750
Judiciary	9,744	10,125	865	861
Labor and Human Resources	24,464	20,923	26,404	23,649
Rules and Administration	207	464	0	0
Veterans' Affairs	7,677	7,822	90,726	90,528
Select Indian Affairs	2,567	2,501	0	0
Small Business	787	−1,096	0	0
Not allocated to committees	−1,350,377	−1,436,825	0	0
Total	2,691,400	2,091,104	817,612	764,496

SENATE COMMITTEE BUDGET AUTHORITY AND OUTLAY ALLOCATIONS PURSUANT TO SECTION 302 OF THE CONGRESSIONAL BUDGET ACT FOR 1992

[In millions of dollars]

Committee	Direct spending jurisdiction		Entitlements funded in annual appropriations	
	Budget authority	Outlays	Budget authority	Outlays
Appropriations	721,954	730,793		
Agriculture, Nutrition, and Forestry	19,780	14,377	14,715	5,908
Armed Services	49,494	36,297		
Banking, Housing, and Urban Affairs	106,950	99,810		
Commerce, Science, and Transporation	2,308	174	485	482
Energy and Natural Resources	1,654	1,256	60	60
Environment and Public Works	16,401	1,787		
Finance	491,243	487,336	96,746	96,403
Foreign Relations	12,174	11,159		
Governmental Affairs	73,598	48,540	500	500
Judiciary	2,758	2,397	157	155
Labor and Human Resources	6,647	6,769	5,339	4,126
Rules and Administration	45	170		
Veterans Affairs	1,645	1,539	17,099	17,072
Select Indian Affairs	482	463		
Small Business	300	−146		
Not allocated to committees	−239,432	−244,422		
Total	1,268,000	1,198,300	135,103	124,706

SENATE COMMITTEE OUTLAY ALLOCATIONS FOR SOCIAL SECURITY PURSUANT TO SECTION 301(A) OF THE CONGRESSIONAL BUDGET RESOLUTION FOR 1992–96

	Recommendation	
	1992	5-year
Outlays:		
Finance Committee	284.3	1,592.5
Unassigned to Committee	−34.1	−230.3
Subtotal, Outlays	250.2	1,362.3

Chapter VI. OTHER ISSUES

THE 1990 BUDGET PROCESS CHANGES: CONSTRAINTS AND OPPORTUNITIES FOR BUDGET RESOLUTIONS

The Budget Enforcement Act [1] significantly revised the budget process. As a consequence, the role of the budget resolution will change in many respects during the years the law covers, fiscal years 1991 through 1995. While the new law essentially resolves many of the disputes that have dominated past budget resolution debates, the law also presents new opportunities for the budget resolution to chart the year's legislative agenda.

The old Gramm-Rudman-Hollings law forced the President and Congress, on an almost annual basis, to confront each other and ultimately to work out a means to reduce the deficit to meet a set of fixed deficit targets. The new law has revised Gramm-Rudman-Hollings so that it now enforces the deficit reduction path on which the President and Congress have already agreed.

Under the new law, the budget resolution performs a different role. It need not—although it may—determine how much deficit reduction to accomplish this year. It continues to present the Congress with its first and most unrestricted opportunity to set national priorities, although the 1990 reconciliation act made the larger choices among defense, international, and domestic categories. Perhaps most importantly, the budget resolution now provides a vital planning function in the new pay-as-you-go system.

In addition, the budget resolution will continue to play an important role in enforcement of congressional priorities. Although this role is not new, it takes on added significance now that the 1990 reconciliation act has set the overall budget priorities. The budget resolution gives Congress its own means of enforcing the budget summit agreement. Congress enforces the budget resolution using congressional scoring and the estimates of the Congressional Budget Office. Without a budget resolution, the President's Office of Management and Budget would have the sole and unquestioned power to estimate the costs of spending and enforce the law.

The new law replaces deficit targets on center stage with two new enforcement mechanisms. The new law divides the budget process into two parts: one for appropriations and another for entitlements and taxes. All taxing and spending legislation (other than laws for Social Security, which Congress has taken off budget) falls into one of the two parts. A series of caps now govern appropriations. A system called "pay-as-you-go" governs entitlements and taxes. This section of the report will discuss in turn deficit targets, appropriations caps, and the pay-as-you-go system, focusing on the affects of the new process on the budget resolution. Finally, this section of the report will then address three special issues that the new process handles differently from the old one: Social Security, deposit insurance, and credit.

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[1] Title XIII of the Omnibus Budget Reconciliation Act of 1990.

DEFICIT TARGETS

The new law markedly revises the Gramm-Rudman-Hollings scheme of reducing the deficit through a series of fixed deficit targets. Deficit targets remain, but they function now to help to ensure that Congress and the President live up to the deficit reduction agreement embodied in the 1990 reconciliation act. At least through fiscal year 1993, they no longer provide an incentive for further deficit reduction. As discussed further in this section below the new law also significantly changed the targets themselves, notably by removing the Social Security surplus from the deficit, a change that alone increases the deficit by $70 billion in 1992.

REVISING THE TARGETS

Under the new law, the President revises the deficit targets to take into account spending and revenue changes beyond the Government's control. Under a strict formula, the President must adjust the targets for all changes to the deficit other than those caused by legislation enacted after the new law took effect. The new law holds Congress and the President responsible for only the harm to the deficit that they knowingly create. If the deficit worsens due to a softening economy, the new law requires the President to adjust the deficit targets so that they do not force the President and Congress to raise taxes or cut Government spending going into a recession. Similarly, the deficit targets change to account for misestimates of the cost of legislation by the Office of Management and Budget.

President Bush revised the deficit targets in his budget submitted February 4th of this year. President Bush will again revise the targets in the budget that he submits on February 3, 1992. The next year, on January 21, 1993, one day after the Presidential inauguration (of President Bush or his successor), the President can decide whether to continue the process of annual revisions. If the President decides then not to continue revising the targets, the budget process reverts to something like the old Gramm-Rudman-Hollings law, with fixed deficit targets.

Under the new law, on February 4th, President Bush revised the new targets to the following amounts (in billions of dollars per fiscal year):

Deficit targets in President's budget

	Amount
1992	349.8
1993	285.2
1994	157.5
1995	117.3

CONGRESSIONAL ENFORCEMENT DURING CONSIDERATION OF THE BUDGET RESOLUTION

The Congressional Budget Act (as amended by the new law) enforces these deficit targets during congressional consideration of the budget resolution. Specifically, section 606(c) of the Congressional Budget Act creates a point of order against Senate consideration of a budget resolution (or any amendment or conference report) that causes the deficit to exceed the deficit target for the first fiscal year in the resolution (this year, fiscal year 1992). It would take 60 votes to waive this point of order.

DEFICIT TARGET IN THE BUDGET RESOLUTION

Notwithstanding these provisions, the budget resolution may set forth deficit amounts that differ from the targets. Gramm-Rudman-Hollings as amended by the new law provides certain "allowances" that permit expenditure beyond the appropriations caps and the deficit targets. The newly amended Congressional Budget Act allows the budget resolution to use one of these allowances and thereby set forth a larger deficit. Specifically, section 606(d) of the Congressional Budget Act provides that, notwithstanding any other provision of law, budget resolutions may set forth levels increased by not more than the discretionary budget authority allowance and a consistent amount of outlays determined according to a defined ratio. This allowance permits increasing the deficit by about $1.5 billion a year for domestic discretionary spending and by about $1.2 billion a year for international discretionary spending. If the budget resolution uses the entire allowance for discretionary budget authority, then the resolution should set forth deficits smaller than the following targets (in billions of dollars per fiscal year):

Deficit targets for budget resolutions

	Amount
1992	351.2
1993	287.3
1994	158.6
1995	117.8

Note that the point of order under section 606(c) of the Congressional Budget Act will lie against a resolution or amendment that would cause the deficit in the resolution to exceed the target in fiscal year 1992. No point of order lies against breaching the targets in fiscal years 1993 through 1995.

A budget resolution may cut the deficit below the deficit targets. Nothing in the new law or congressional points of order prevents further deficit reduction. Although the new deficit targets do not force the budget resolution to include reconciliation this year, Congress may still include reconciliation instructions in the budget resolution if it so desires. Note, however, that as the Budget Committee did not report reconciliation instructions, a 60-vote point of order would stand in the way of adding such language on the floor, as doing so would not be germane.

CONGRESSIONAL ENFORCEMENT AFTER ADOPTION OF THE BUDGET RESOLUTION

After adoption of the budget resolution, another point of order will lie against legislation that would breach this deficit target for fiscal year 1992. Specifically, section 605(b) of the amended Congressional Budget Act provides that after Congress has completed a budget resolution, a point of order will lie in the Senate against considering any legislation that would result in a deficit that exceeds the adjusted deficit target for the first fiscal year covered by that resolution.

Section 311(a) of the Congressional Budget Act also establishes a point of order against legislation that would breach the budget authority, outlay, or revenue aggregates that the budget resolution sets forth for the first year and the total of the 5 years that the budget resolution covers. Waiver of the point of order under section 311(a) requires 60 votes.

APPROPRIATIONS CAPS

The new law creates a series of caps to enforce the 1990 agreement to reduce discretionary appropriations. For fiscal years 1991, 1992, and 1993, the law sets forth caps for both budget authority and outlays for each of three categories: defense, international, and domestic. The law sets forth caps on just total discretionary spending for 1994, and 1995. Whereas in prior years, the budget resolution gave the Appropriations Committee an overall allocation of budget authority and outlays, for fiscal year 1992, six more numbers (budget authority and outlays for each of three caps) will constrain appropriations.

ACROSS-THE-BOARD CUTS

If Congress and the President enact appropriations that exceed any of these six caps, the President must order across-the-board cuts (some call them "mini-sequesters") in only the category that was breached. The area of spending responsible for the violation of the agreement would sustain automatic cuts bringing appropriations back down to the agreed level.

The Office of Management and Budget must estimate the cost of any appropriations bill within 5 days after its enactment, and that estimate controls the process. When a sequester (if required) takes place depends on when the spending occurs: For regular appropriations bills enacted before Congress adjourns to end a session, the sequester occurs 15 days after the end of session. For a spring supplemental appropriations bill (that is, any enacted after starting a new session but before July 1st), the sequester occurs 15 days after enactment of the bill. Finally, for supplemental appropriations enacted after June 30, the law lowers the target for the next year. Consequently, either appropriations bills for the next fiscal year spend at the lower level, or a sequester occurs 15 days after the end of session under the first rule.

CONGRESSIONAL ENFORCEMENT

Points of order in the Senate also enforce the caps in budget resolutions and appropriations bills. Specifically, section 601(b) of the amended Congressional Budget Act creates a point of order (except in time of declared war) against considering a budget resolution or appropriations legislation that would exceed any one of the six caps for the fiscal year. Furthermore, after the appropriations Committee has subdivided the allocations based on the caps, a point of order will lie against appropriations legislation that would exceed the subcommittee's share of any one of the six caps for the fiscal year. All of these points of order would require 60 Senators to waive.

ADJUSTMENTS TO THE CAPS

The law provides for several adjustments to the caps, although the law does not provide for as sweeping adjustments to the caps as to the deficit targets. Some adjustments simply provide technical consistency, such as those adjusting for changes in concepts and definitions, changes in inflation, and credit reestimates. Some adjustments reflect policy decisions made at the 1990 budget summit, including adjusting for Internal Revenue Service enforcement initiatives, Egyptian and Polish debt forgiveness, and International Monetary Fund special drawing rights. Some adjustments make provision for estimating differences between the Office of Management and Budget and the Congressional Budget Office or simply allow for more spending than the caps appear to set forth; these are the "allowances" discussed above. Most significantly, the caps can be adjusted for what the President and the Congress both agree to designate as "emergencies." For example, the law defines the incremental spending on Operation Desert Shield to be an emergency.

The law requires the President to make in his budget the adjustments for technical consistency. On February 4th, the President set forth the following adjusted caps (in billions of dollars per fiscal year):

DISCRETIONARY APPROPRIATIONS CAPS AS ADJUSTED IN THE PRESIDENT'S BUDGET

	1991	1992	1993	1994	1995
Defense:					
Budget authority	289.918	291.361	291.480		
Outlays	298.848	295.800	292.523		
International:					
Budget authority	20.100	20.917	21.643		
Outlays	19.212	19.177	19.802		
Domestic:					
Budget authority	182.891	198.400	205.791		
Outlays	199.863	211.070	223.216		
Total:					
Budget authority				518.064	524.976

DISCRETIONARY APPROPRIATIONS CAPS AS ADJUSTED IN THE PRESIDENT'S BUDGET—Continued

	1991	1992	1993	1994	1995
Outlays				536.521	542.509

CAPS IN THE BUDGET RESOLUTION

After Congress enacts legislation taking advantage of other adjustments, then the President must also adjust the caps. Notably, the caps adjust to take account of legislation that Congress has already enacted and designated (along with the President) as emergency requirements. As well, the new law (in section 606(d) of the amended Congressional Budget Act) allows the budget resolution to use the discretionary budget authority allowances referred to above in the discussion of deficit targets. If the budget resolution uses the entire allowance for discretionary budget authority, then the resolution should set forth levels consistent with discretionary appropriations smaller than the following caps (in billions of dollars per fiscal year):

DISCRETIONARY APPROPRIATIONS CAPS FOR THE BUDGET RESOLUTION

	1991	1992	1993	1994	1995
Defense:					
Budget authority	289.918	291.361	291.480		
Outlays	298.848	295.800	292.523		
International:					
Budget authority	20.100	22.165	22.891		
Outlays	19.212	19.751	20.625		
Domestic:					
Budget authority	182.891	199.979	207.370		
Outlays	199.863	211.907	224.543		
Total:					
Budget authority				518.064	524.976
Outlays				537.650	543.028

The caps provide ceilings, not floors. A budget resolution may cut the funding for the Appropriations Committee below the amount that the caps would allow. Nothing in the new law prevents further deficit reduction in appropriated accounts. No points of order lie against budget resolutions or bills that cut appropriations to reduce the deficit. Cutting appropriated spending would necessarily reduce the deficit, as legislation cannot use savings in one category to allow greater spending in another appropriations category. The law requires the congressional process to segregate spending within each category. Even if legislation shifting spending from one category to another ran the gauntlet of points of order in the Congress, the law would still require the President to order a sequester in the category into which the legislation shifted the spending, as the legislation would have caused spending for that category to exceed its cap.

The New Pay-as-You-Go Process

The new law calls the system governing entitlements and receipts "enforcing pay-as-you-go." The basic rule governing the pay-as-you-go system requires Congress and the President to pay for all entitlement spending increases and tax cuts with offsetting entitlement spending cuts or tax increases for the same fiscal year.

ACROSS-THE-BOARD CUTS

The new law requires the President to order a sequester in certain entitlements at the end of each session of Congress in which changes in law increase entitlement spending or cut taxes without paying for them. Changes in entitlement spending or tax receipts brought on by causes other than legislation—such as a worsening economy—do not count under the pay-as-you-go system. The sequester threatens the same entitlement programs that the old Gramm-Rudman-Hollings law put in peril, most significantly medicare and farm price supports.

CONGRESSIONAL ENFORCEMENT

The new law also calls on Congress to constrain spending through procedural hurdles, notably points of order that the Senate can waive only with the affirmative vote of 60 Senators. Points of order enforce allocations and aggregates made by the budget resolution for the first year and the total of 5 years covered by the budget resolution. As in the past, the budget resolution divides all spending among committees in allocations some call "cross-walks" or "302(a) allocations." If a bill spends more in a committee's jurisdiction (together with all other laws passed to date) than the budget resolution allocated to that committee, then any Senator may raise a point of order (under sections 302 and 602 of the Congressional Budget Act, as amended by the new law) requiring 60 votes to waive. Similarly, for revenues, the budget resolution sets a floor on the level of revenues, as it has in the past. If a bill cuts more in taxes (together with all other laws passed to date) than the budget resolution allowed for, then any Senator may raise a point of order (under sections 311 and 605 of the Congressional Budget Act, as amended by the new law) requiring 60 votes to waive. Furthermore, as in the past, the budget resolution sets a binding outlay ceiling and revenue floor.

A point of order requiring 60 votes to waive lies against spending that exceeds a committee's allocation *even if the spending legislation pays for itself with new taxes.* Similarly, a point of order requiring 60 votes to waive lies against tax-cutting legislation that causes revenues to fall below the revenue floor *even if the tax-cutting legislation pays for itself with spending cuts.* The process does not automatically give credit against a committee's allocation for new taxes raised, nor does it automatically give credit against the revenue floor for spending cut.

Note that the process does give a committee credit against its spending allocation for reductions in spending it makes within its jurisdiction. Consequently, a bill that pays for new spending with spending cuts within the same jurisdiction will not run afoul of the point of order. Similarly, a bill that pays for tax cuts with tax increases will not encounter the obstacle.

The point of order also stands in the way of paying for spending with cuts in another committee's jurisdiction. The point of order will lie if Senators try to pay for spending in a bill within one committee's jurisdiction with another bill cutting spending in a second committee's jurisdiction. The process will not automatically allow the spending committee credit for the spending cuts made elsewhere.

RESERVE FUNDS

A budget resolution may pave the way for new spending legislation paid for with taxes; tax-cutting legislation paid for with spending cuts or spending legislation paid for with cuts in another committee's jurisdiction. The resolution can include language—called a "reserve fund"—that allows the Budget committee to increase a committee's allocation or adjust the revenue floor when a committee reports deficit-neutral legislation on a specified topic. In effect, the reserve fund allows the Senate to get credit against a committee's allocation of spending for the deficit reduction accomplished by a tax increase or a spending cut in another committee's jurisdiction. Similarly, the reserve fund allows the Senate to get credit against the revenue floor for the deficit reduction accomplished by a spending cut (whether in the same committee's jurisdiction or not.)

A reserve fund does not presuppose that Congress will raise taxes to pay for new spending. Under a reserve fund, a committee may pay for new spending with taxes, user fees, or spending cuts, although (as noted above) legislation that pays for spending with spending cuts within the same jurisdiction or pays for revenue cuts with revenue increases does not require a reserve fund. The reserve fund merely clears the way for the bill when the Senate pays for the spending one way or the other. The funding mechanism need not even be in the same bill with the spending; the funding may come first in a separate bill.

Every budget resolution since fiscal year 1987 has included at least one reserve fund. Reserve funds have covered the following topics (in the language of the budget resolutions): children (including funding through tax credits), medicaid, the welfare reform initiative, the medicare catastrophic health insurance initiative, the anti-drug initiative, unmet critical needs requested by the President, and a general revenue sharing extension. Not all reserve funds have led to the enactment of legislation. The reserve fund merely *enables* the bill to proceed; it does not *force* the Congress to consider it.

Reserve funds are more important in years, like this one, in which Congress does not expect the budget resolution to provide for a reconciliation bill. Under the Congressional Budget Act, a reconciliation bill allows the tax-writing committees either to pay for a certain amount of spending with changes in tax law or to pay for a certain amount of tax cutting with changes in spending law. Consequently, without reconciliation, the points of order enforcing committee spending allocations and the revenue floor, bind more tightly.

In another new feature, the points of order enforcing committee allocations and the revenue floor apply to the first year covered by a budget resolution *and* to the 5-year totals for each committee in the budget resolution. A reserve fund in the fiscal year 1992 budget resolution thus can be useful for a bill that starts spending or cutting taxes in any year through and including fiscal year 1996.

Without reserve funds, the combination of the old congressional budget process and the new pay-as-you-go process can choke off new spending initiatives or tax cuts that involve more than one jurisdiction or involve both spending and taxes if they are not supported by overwhelming majorities. The reserve fund provides the mechanism to allow the pay-as-you-go system to operate.

SOCIAL SECURITY

The new law took Social Security off budget. The budget resolution may not include Social Security in the Federal budget deficit or surplus. The law requires the budget resolution to set forth the on-budget totals. Consequently, the deficit in budget resolutions will appear about $70 to $129 billion above the levels that would be shown if Social Security were on budget. The following table shows the Congressional Budget Office's estimates of the Social Security trust fund surpluses (in billions of dollars a fiscal year):

Social Security surpluses

	Amount
1992	70
1993	82
1994	96
1995	112
1996	129

THE "FIRE WALL" POINT OF ORDER

A "fire wall" point of order constrains spending or tax cuts that reduce the Social Security surplus (as for example, would Senator Moynihan's and Senator Kasten's payroll tax-cut proposal). As discussed in more detail in the process section on Social Security, the point of order works through the budget resolution, through the process of allocations to committees. Just like the point of order on allocations to committees generally, waiving the point of order requires 60 votes. The new law also prohibits the consideration of a budget resolution reported by the Budget Committee that would decrease the Social Security surplus in any of the 5 years covered by the budget resolution.

DEPOSIT INSURANCE

Under the new law, deposit insurance spending is on budget and included in the deficit calculation. Consequently, the deficit appears roughly $100 billion worse in fiscal year 1992 than it would if deposit insurance were off budget. The following table shows the Congressional Budget Office's beginning of the year estimates of the deposit insurance costs that will appear in the budget (in billions of dollars a fiscal year):

Deposit insurance costs

	Amount
1992	98
1993	48
1994	25
1995	−47
1996	−42

Note that the costs turn into receipts in fiscal years 1995 and 1996.

Even though the budget fully reflects the costs of deposit insurance under the new law, deposit insurance spending nonetheless will not require offsetting deficit reduction under the new law. Because the new law adjusts he deficit targets, the fulfillment of existing deposit insurance guarantees will not trigger a sequester under the deficit targets. Similarly, for new deposit insurance spending, the pay-as-you-go sequester does not count "full funding of, and continuation of, the deposit insurance guarantee commitment in effect on the date of enactment."

CREDIT REFORM

The new law also fundamentally reforms the budgetary accounting of credit programs. Under the old law, the budget process accounted for Government loans and guarantees on a cash basis. Under the cash budget, the cost of a direct loan guarantee was understated. Direct loans appeared in the budget at the cost of their full face value, even though the Government could expect repayments in later periods. Similarly, loan guarantees appeared in the budget at no cost when made, even though the Government could expect to have to cover defaults in later periods.

The new law changes this. Congress will now appropriate only the cost to the Government of Federal programs. The law defines the cost to the Government as the present value of the complete stream of payments and receipts associated with new direct loans or loan guarantees. New budget authority associated with the cost to the Government of discretionary credit programs has been added to the caps on discretionary spending. Changes in discretionary credit programs will count against the caps.

By converting credit programs to their cost to the Government, the new law seeks to put all credit activity on a more even playing field with direct grants. Under the new system, users of the Federal Budget will find it easier to compare the costs of Government grants, loans, and guarantees. Consequently, Congress and the

President will be able to make better-informed decisions in allocating scarce dollars among these three types of spending.

ECONOMIC ASSUMPTIONS

The budget resolution must set forth amounts and levels based on a single set of economic and technical assumptions. In determining the budget deficit under its recommended budget resolution, the committee chose to use the same economic and technical assumptions as the President used in his budget submission to the Congress.

By choosing to use the Administration's economic assumptions to measure the deficit, the committee is following the same rules that will be used to determine whether sequestration is required. Under the newly amended Gramm-Rudman-Hollings law, the Office of Management and Budget, using its own economic projections, will determine whether sequestration is required.

OMB ECONOMIC ASSUMPTIONS

[By calendar year, percent]

	1991	199	1993	1994	1995	1996
Real GNP	−0.3	3.1	3.5	3.3	3.1	3.0
Consumer Price Index	5.2	4.0	3.7	3.5	3.4	3.3
Three-Month Treasury Bill Rate	6.4	6.0	5.8	5.6	5.4	5.3
Ten-Year Treasury Note Rate	7.5	7.2	6.8	6.6	6.4	6.3
Unemployment Rate	6.7	6.6	6.2	5.8	5.4	5.1

As has been its practice over the years, in the exercise of its scorekeeping duties the Senate Budget Committee will continue to use Congressional Budget Office estimates and analysis to prepare its reports to the Senate regarding the status of particular bills and amendments. However, the committee will determine the levels of new budget authority, outlays, new spending authority, and revenues for a fiscal year on the basis of a set of adjustments to the Congressional Budget Office estimates consistent with the adjustments underlying this budget resolution.

SPENDING FOR STATE AND LOCAL PROGRAMS

The Committee Resolution rejects the President's proposed block grant initiative. The recommendation assumes no specific reductions in programs which affect state and local government.

In February of this year, the Committee held a hearing on the President's block grant proposal. The Committee's findings were detailed in a report that follows this discussion. In brief, the Committee found that the President's proposal would cost state and local governments some $27 billion over the next five years.

The Committee also uncovered evidence of a significant fiscal distress at the state and local government levels. Nearly two-thirds of the state will face budget shortfalls in 1991. The National Association of Counties recently announced that more than half of the country governments with populations greater than 100,000 will have to increase taxes in 1991 in order to meet growing federal and state mandates and to make up for the loss of Federal and State funds.

Finally, the Committee found that the President's proposal was largely unworkable and would wreak considerable hardship on its proposed beneficiaries.

The Committee notes that similar criticisms could apply to some of the proposals offered by the National Governors' Association (NGA) and the National Conference of State Legislators (NCSL). These proposals are strongly opposed by the United States Conference of Mayors (UCM). The mayors' specific objections are detailed in the following letter received by the Committee on April 17, 1991.

The Resolution reflects the Committee's growing concern over the precarious fiscal conditions of many state and local governments. The Committee urges that any proposed policy changes which may affect states and localities be carefully considered in light of the current recession and their potential fiscal impact.

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Mayor of Modesto
Executive Director:
J. THOMAS COCHRAN

April 16, 1991

The Honorable Jim Sasser
Senate Budget Committee
Room 363 Russell Senate Office Building
Washington, DC 20510

Dear Senator Sasser:

As you know, the President proposed in his FY92 budget to consolidate numerous categorical spending programs into a single block grant to be turned over to the states. The U.S. Conference of Mayors, in a bipartisan way, appeared before the House and Senate Budget Committees to express opposition to this proposal.

Recently, the National Governors Association and the National Conference of State Legislatures released separate updated versions of this proposal. While the component parts of the proposals differ from those introduced in the White House plan, The U.S. Conference of Mayors, representing Mayors of cities over 30,000 in population, vigorously opposes the concept of turning over programs of national significance to the states to be distributed without regard to the integrity of the individual programs.

The Mayors oppose these proposals on the following grounds:

o The Governors' proposal consolidates 53 programs and the Legislatures' proposal would consolidate some 85 programs. The proposals would be fungible in a way which would not guarantee that spending would be directed to the areas of need now outlined in the specific programs.

o The respective proposals would allow for commingling between the various block grants.

o The Governors' proposal would eliminate any restrictions on administrative costs.

o The Legislatures' proposal would include most federally funded transportation programs supported by the Highway Trust Fund.

April 16, 1991
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o There is no guarantee of a maintenance of effort on funding for the programs to be contained in the consolidation approach. Chairman Sasser released a study during the Mayors' testimony on March 19 which showed that under the Administration's proposal the various programs included in the block grant would be underfunded by some $27 billion over the next five years.

When the Budget Committee meets to mark up the FY92 budget there will be an alternative budget offered by Senator Domenici which includes a provision supporting the efforts to consolidate categorical programs into state block grants. The U.S. Conference of Mayors urges you to specifically reject this provision.

As funds for domestic programs have decreased, cities have faced additional costly mandates. These valuable programs that now exist and have been effective should not become subject to the whims of state legislatures.

Sincerely,

Robert M. Isaac
Mayor of Colorado Springs
President

Analysis of the President's 1992 Block Grant Proposal

Prepared by the Staff of the United States
Senate Committee on the Budget
February 20, 1991

INTRODUCTION

When President Bush devoted a portion of his State of the Union message to the issue of federalism, he revived the moribund issue of the Federal government's relationship with State and local governments. His timing could not have been better.

State and local governments are now facing some of the most significant fiscal challenges since the early 1980's. According to the National Conference of State Legislatures, 28 states expect budget shortfalls this year. California alone expects a $2 billion deficit this year. Cities are also hard pressed, with more than a third projecting a worsening of already tenuous economic conditions.

In response to growing budget pressures on State and local governments, the President proposes the consolidation of a number of existing grants-in-aid into a single block grant. The 1992 budget identifies a list of grant programs, which totalled more than $21 billion in 1991, as potential candidates for this new block grant.

The Administration claims that this block grant will give state and local governments the "flexibility" they need to cope with their budgetary problems. However, several features of this new program should give city and state officials pause. This analysis examines the President's proposal from a budgetary viewpoint and suggests that state and local officials should carefully consider their response to this new initiative.

DESCRIPTION OF THE PROPOSAL:

The President's budget identifies $21 billion in grants from five major policy areas for possible turnover to State and local governments. From this list, he proposes to consolidate at least $15 billion into one grant that he claims would be "fully funded." Programs under the jurisdiction of the Department of Health and Human Services (HHS) comprise the largest group of grants -- accounting for 42 percent of the $20 billion proposal. Housing and Urban Development (HUD) programs comprise the next largest block of grants with 38 percent of the total. Education (8 percent), Environmental Protection Agency (EPA) (9 percent), and Justice (2 percent) programs round out the list of candidates for consolidation. Appendix I provides a more detailed list of programs and includes the President's proposed spending (both budget authority and outlays) for these programs through 1996.

THE BLOCK GRANT IS SERIOUSLY UNDERFUNDED.

The commitment by the President to "fully fund" his proposed new block grant is crucial to maintaining support from State and local governments who would otherwise be concerned that consolidation is simply a prelude to large budget cuts. But a more thorough examination of the President's budget reveals he would not fully fund the consolidated programs. **Indeed, most of the grants on the list are slated for significant cuts over the next five years.**

Using the Administration's own current services baseline as a basis for comparison, the analysis reveals that the President is actually proposing dramatic cuts in the grants he has selected for turnback to State and local governments. (Current services represents the Administration's estimate of what it would cost to maintain the same level of program service for each of the next five years.)

The table below compares the President's budget for these programs with the current services estimates. As the table shows, the President's budget plans to cut the grant programs proposed for consolidation by $2.9 billion in 1992 and $27.4 billion over the next five years. The only conclusion that can be drawn from these statistics is that the Administration's much-vaunted new block grant is a backdoor way of cutting programs. Appendix II provides OMB current services projections for each grant program.

TABLE I

GRANT PROGRAMS PROPOSED FOR CONVERSION TO A BLOCK GRANT IN THE 1992 BUDGET

($ in millions)

	1992	1993	1994	1995	1996	1992-1996
Current Services	24,108	25,299	26,477	27,791	29,082	155,544
President's Budget	21,253	21,026	20,845	20,798	21,428	128,116
Shortfall	2,855	4,273	5,632	6,993	7,654	27,428

STATE AND LOCAL GOVERNMENTS ARE FACING DIRE FISCAL CONDITIONS ALREADY, AND CANNOT MEET THE FISCAL SHORTFALL CREATED BY THE NEW BLOCK GRANT:

The healthy fiscal condition of many State and local governments during the 1980's has deteriorated under increasing economic burdens. As the national economy has weakened, the ability of State and local governments to respond to growing budgetary pressures declines. Evidence of continued fiscal distress at the State and local level is mounting.

- Nearly two-thirds of the States will face budget shortfalls in 1991. California expects a $10 billion deficit. Connecticut's shortfall will top $2 billion. Balanced budget amendments will force most States to raise taxes.
- State revenues are falling short of projections. According to the National Conference of State Legislatures, general revenue collections in half the States are more than 1 percent below the level on which 1991 State spending was based. Eleven States face a shortfall of revenues coming in at least 5 percent below 1991 spending levels.
- Federal support for State and local governments dropped dramatically during the last decade. In constant dollars, Federal grants-in-aid fell from $105.9 billion in 1980 to $93.4 billion in 1989 -- leaving State and local governments to shoulder a growing list of responsibilities.
- The Federal government's contributions as a portion of State and local receipts have also declined. In 1980, States received 27.5 percent of their revenues from the Federal government; by 1988, that figure had declined to 24.1 percent. For local governments, intergovernmental revenues accounted for 44.1 percent of total revenues in 1980 and 37.5 percent by 1988.

Current state budgetary pressures mean that additional cuts in Federal aid, such as those contained in the block grant, will be difficult to absorb. **Indeed, States may be under considerable pressure to use funds from the new block grant to offset their own budget deficits and not to pass through much needed revenues to local governments.**

CITIES ARE FEELING THE FISCAL PINCH. FEDERAL AND STATE AID TO CITIES HAS SHRUNK. THE 1992 BLOCK GRANT PROPOSAL DOES NOT REVERSE THAT TREND.

Federal aid to American cities has declined substantially in the 1980's. Data from the U.S. Census Bureau on city finances shows the following trends for our largest cities -- those with 300,000 population or more. (See Appendices III & IV).

o Total Federal aid to our largest cities was $5.9 billion in 1979-1980. By 1987-1988 that total had dropped to $4.2 billion -- a decline of $1.7 billion in just eight years.

o A measure of cities' fiscal distress has been the growing need to increase taxes to make up Federal funding shortfalls. Between 1979-1980 and 1987-1988, local tax revenues in these large cities increased by an average of 82.3 percent. During that same time, total State aid increased by 49.8 percent and total Federal aid dropped by some 35.1 percent. Large cities most frequently faced major losses of Federal aid, caused by the loss of General Revenue Sharing, and State aid increases that did not prevent major local tax increases. (See Appendix III).

o In 9 of the 14 largest cities surveyed, local taxes were the fastest increasing part of city budgets.

o During the 1980's cities faced a tremendous fiscal loss due to a cutback in Federal and State unconditional assistance to cities. Thus, in 1979-1980, our largest cities received $2.6 billion in Federal revenue sharing and unconditional aid from State governments. By 1987-1988, they received the same amount just $2.7 billion. Cities simply were not receiving Federal or State aid that allowed them the flexibility to meet their most pressing needs. (See Appendix IV).

The 1992 block grant proposal simply does not address the current fiscal problems of large American cities. Cities are saddled with ever increasing social and economic needs and declining revenue bases. Yet, the 1992 block grant proposal does not take these needs into account. It talks about more flexibility for State governments in the administration of block grants, but it does not set forth a block grant proposal that will ease the fiscal needs and problems of American cities.

THE BUDGET PLACES OTHER BURDENS ON STATE AND LOCAL GOVERNMENTS.

In addition to the President's block grant proposal, the budget includes a number of other program changes which would place additional financial burdens on State and local governments. Consider these examples:

o **Medicaid:** The budget proposes to institute new medical co-insurance payments (at 20 percent of charges) for Medicare beneficiaries for use of clinical laboratory services. This Medicare savings item would have a direct impact on States' Medicaid expenditures since, under current law, Medicaid must pay for all Medicare co-insurance, premiums and deductibles for those Medicare beneficiaries who are also eligible for enrollment in Medicaid. As a result of this Medicare savings item, states would automatically incur additional Medicaid expenses of approximately **$200 million over five years.**

The budget also proposes a modest Medicaid expansion to allow States to provide uniform eligibility for pregnant women and infants in medically-needy and AFDC-related categories of program eligibility. States which elect to pick up this new coverage option would incur new costs, but the option would be at State discretion, rather than mandatory.

o **Highways:** The President proposes to shift highway and mass transit costs to states and localities. For example, the Federal matching share for construction is 90 percent on the current interstate highway system. By contrast, under the Administration's proposed "National Highway System," the Federal matching share would decrease to 75 percent. This proposal could cost states millions and require them to raise taxes. In addition, major metropolitan areas with populations of 1 million or more would lose Federal operating money for mass transit under the Administration's plan. For New York City, this translates into a loss of about $100 million in Federal funding.

o **State Legalization Interim Assistance Grants (SLIAG):** The President proposes to rescind $1.1 billion for this program, which provides support to states for financial, medical, and educational assistance to newly legalized aliens.

o **Guaranteed Student Loans:** The Administration's budget proposes to impose new State responsibilities in the Federal Guaranteed Student Loan (GSL) program. The proposal would require States to back a designated guarantee agency with the full faith and credit of the State, or subject schools licensed in that State to a risk-based premium. Further, States hosting schools with high default rates would be required to pay a share of the default costs. Given recent experiences with unstable guarantee agencies, the proposal could inflict substantial financial burdens on affected States.

o **Community Services Block Grants:** Consistent with previous years, the President proposes to eliminate funding ($420 million in BA) for this program, which provides grants to States, territories, and Indian tribes to aid poverty-stricken areas. Ironically, while the budget proposes increases in Head Start, eliminating CSBG would undermine the structure by which Head Start funds are distributed to community action agencies.

THE BLOCK GRANT PROPOSES TO TRANSFER RESPONSIBILITIES WITHOUT ADEQUATE MONEY TO MEET THE NEEDS.

Another hidden State cost of the block grant proposal is Administration's proposed transfer of responsibilities to the States without the corresponding resources to meet those obligations. One example of this is the inclusion of the public housing operating subsidy and the public housing modernization programs on the list of programs for transfer.

The public housing operating subsidy program provides funding to local public housing authorities (PHAs) to cover the difference between that PHA's operating expenses and the rents it receives from the poor tenants that reside in the public housing projects. The tenant rent contributions toward housing and utility costs are fixed at 30% of their adjusted gross income. Funds are distributed to PHAs through the Performance Funding System, a formula based on the average costs of a well-managed PHA.

Throughout the 1980's housing policy has pushed the PHA's to serve an increasingly poorer population through targeting to households that are homeless, living in substandard housing, or paying an inordinate amount of their incomes for rents. This pressure has reduced total tenant incomes and, therefore, reduced the rent rolls. At the same time, energy costs, liability insurance costs, and employee wages and benefits have continued to increase for the local PHA. Federal funding has consistently failed to keep up with this growing shortfall. **According to the Council of Large Public Housing Authorities, the $2.2 billion proposed by the Administration for this program in 1992 represents only 86% of the total Performance Funding System requirements.**

The shortfall in funding is even more dire in the case of public housing modernization. Modernization funding goes to rehabilitate and repair public housing units that have fallen into disrepair. **According to a HUD study, the backlog of public housing repair needs at public housing projects around the nation ranges from a minimum of $11.2 billion for basic repairs and replacements of physical components to $24.4 billion if one also includes upgrades, maintaining a project's long-term viability, energy conservation, handicapped access, and lead-based paint abatement in the needs assessment.**

Moreover, the HUD study determined that the public housing inventory -- if it were well-maintained without the existing backlog -- would require a minimum of $1.5 billion per year in on-going modernization funding to meet the normal deterioration of this housing. Given the effect of the existing repair backlog, appropriations of $3.7 billion per year (163 percent higher than that proposed by the administration in 1992) would barely get the backlog down to under $5.0 billion by the year 2000. **The Administration's 1992 budget calls for public housing modernization funding at $2.3 billion; at this level of funding, the States would be digging out from their new public housing maintenance responsibilities for many years to come.**

UNANSWERED QUESTIONS ABOUT THE BLOCK GRANT PROPOSAL.

Beyond a simple listing of programs targeted for consolidation, the budget reveals little about the reasoning that went into the President's block grant proposal. For example, the budget offers no explanation of why existing grants with vastly different purposes (eg. waste water treatment grants and impact aid) should be combined. In addition, the budget makes no case for consolidation of existing education and social services block grants.

Finally, any block grant proposal has the potential to shred existing intergovernmental relationships and alter funding distribution patterns. New institutional relationships will emerge. As program advocates compete for a smaller block of money, winners and loser will be created. These shifts will certainly cause disruptions and increase costs. The slapped-together nature of the Administration's proposal suggests little underlying rationale for the proposal. In fact, the budget does not make the case that the benefits of block grants outweigh their costs.

The enormity of the task in converting a myriad of established and disparate programs into a cohesive block grant is easily demonstrated by the following table. Some of the programs in the package are distributed by formula; other are awarded through competitive processes. Some grants go to States, some go directly to cities, and some go directly to the beneficiaries. Institutions now using the funds are as diverse as school districts, public housing authorities, and churches.

The table contains several programs that include Federal set-asides: EPA construction grants for states are often earmarked for cities with particular needs. CDBG has long had an important component for historically black colleges. Impact aid attempts to bolster revenues in communities where the presence of Federal facilities reduces the tax base. Public housing funds go directly to Indian Housing Authorities; historically States have had little official involvement with Indian reservations. The budget offers no explanation of how the block grant will dilute these Federal priorities.

CURRENT DISTRIBUTION OF PROGRAMS PROPOSED FOR BLOCK GRANT

Agency/ Program	Description	How Distributed?	Key Distribution Factors	State Share	Local Share	Other Considerations About Recipients Distribution	Comments
Dept Ed. - Impact Aid	Money to school districts with federal facilities	Formula	# of children in affected school district	0%	100%	mostly directed to districts dominated by military or Indian reservations	Budget proposes to limit assistance to districts where parents live and work
Dept Ed. - Supplemental Educational Opportunity Grants	Grants to needy undergraduate students	Formula	# of need-based recipients of Federal student aid (Pell Grant recipients)	0%	0%	Federal Government makes payments directly to schools	Traditional colleges receive most SEOG funding
Dept Ed. - Chapter 2	Elementary/ Secondary School Improvements; targeted to special education needs	Formula to States	Population	up to 20%	80%	States must distribute funds to local school systems using criteria that weigh "higher than usual costs of education"	Intent of the program is to take into account higher costs of disabled, disadvantaged students
Dept Ed. - Public Libraries	Expands and improves public library systems	Formula to States	Population	100%	0%	States distribute funds to local school districts	States/locals required to match grants 33-66% of Federal grant award based on State per capita income
EPA - Sewage Treatment Construction Grants	Money to State revolving funds set up under 1987 Clean Water Amendments	Formula to States; Earmarks for cities	Allotment formula based on need	80%	20%	Funds are directed to States' most pressing wastewater treatment needs. Currently managing 4,400 projects	States required to match 20% of the Federal grant

HHS - State Welfare Administration Expenses	Funding for State Administrative costs for AFDC, Food Stamps, and Medicaid	Based on States' estimates of costs	Growth in entitlement program participation and changes in Federal mandates	100%	0%	Federal match ranges from 50% to 90% depending on the type of costs incurred	States have little or not control over many of the program growth factors
HHS - Social Services Block Grant	Grants for a variety of social services	Formula	Population	100%	0%	Funds have few restrictions; States may allocate funds to local social service agencies	Already a true block grant; was originally created as a block grant in 1981
HHS - Low Income Home Energy Assistance Program	Cash assistance for home heating costs for low-income families	Formula	Use of petroleum based heating oils	100%	0%	States distribute funds to local governments and also directly to families	Funding is less than one-half of the 1992 authorization level
HUD - Public Housing Modernization	Funding for repair and replacement of public housing; estimated backlog equals $24 billion	Formula (starting in 1992)	Extent of modernization backlog needs and accrual needs	0%	100% to public housing authorities (includes Indian Tribes)	Funding goes directly to public housing and Indian housing authorities; set-aside for resident management groups	Formula begins in 1992; small public housing authorities continue to apply for funding on a competitive basis
HUD - Public Housing Operating Subsidies	Funding to public housing authorities for operating costs	Formula	Formula takes into account expected costs for a typical, average well-managed public housing authority	0%	100% to public housing authorities (includes Indian Tribes)	Funding goes directly to public housing authority; funding is net of tenant rent contributions which are 30% of poor tenant's income	Council of Large Public Housing Authorities estimates that 1992 request is only 86 percent of full-funding needs

HUD - Drug Elimination Grants	Grants for programs to eliminate drugs in public housing	Competitive Grants	Drug-related crime levels, quality of applicant's plan, local capability, and extent of resident participation	0%	100%	Set-asides for technical assistance to public housing authority officials and resident management groups and a national Drug-Free public housing clearinghouse	Funding pays for security force, reimbursing local police, physical project improvements, and drug abuse prevention programs
HUD - Elderly/ Handicapped Housing Construction	Construction costs of projects for elderly and handicapped	Competitive Grants	Prior participation, non-profit sponsor's capacity, design features, and local government comments	0%	0%	Funds go directly to non-profit sponsors	Administration proposes significant cuts in new construction in favor of leasing existing housing
HUD - Moderate Rehabilitation SRO	Rehabilitation of single room occupancy structures for the homeless	Competitive Grants	Applicant capacity and extent of planned service component	0%	0%	Funds distributed based on a national competition; recipients include States, local governments, and Indian tribes	Recipients must provide supportive services as a match for Federal funding
HUD - Community Development Block Grants	Housing rehabilitation, economic development, public facilities, homeless assistance	Formula	Poverty, Population, Population Growth Lag, Age of Housing, Overcrowded Housing	30%	70% (includes Indian Tribes)	Local or "entitlement" program includes large cities, urban counties, and consolidated small cities, States distribute funds to small cities and rural communities	Set-asides for child-care demonstration, neighborhood development demonstration, insular areas, and historically black colleges
Justice - Byrne Memorial Law Enforcement Assistance	Augments States' drug enforcement efforts	Formula to States	State population with a minimum grant level	100%	0%	Includes three small set-asides totaling about $35 million	Under President's Budget, States will be required to provide a 50% match

CONCLUSION

A more thorough examination of the Administration's block grant proposal reveals some troubling issues which must be addressed. The proposal underfunds a number of the programs slated for turnback at a time when State and local governments are under increasing fiscal strain. In addition, the Administration's rhetorical pledge to assist States and localities seems incongruous with other parts of the budget which would place additional burdens on block grant recipients. Finally, the budget does not provide enough money to meet the responsibilities the Administration is turning over to State and local governments, nor does it provide any strong rationale for the restructuring the proposal would entail.

Clearly, this attempt at "New Federalism" has some flaws. It could leave States and cities with more, rather than fewer, fiscal problems. It could reduce funding for essential safety net programs, and further diminish the role of the Federal government in solving our nation's problems. These flaws need to be addressed before a block grant program can be considered a realistic alternative.

APPENDICES:

I. President's Block Grant Proposal

II. Current Services for Block Grants in the President's Proposal

III. Percentage Change in Revenue Sources for Large Cities

IV. Trends in Unconditional State and Federal Aid to Large Cities

APPENDIX I:

PRESIDENT'S BLOCK GRANT PROPOSAL

GRANT PROGRAMS PROPOSED FOR CONVERSION TO A BLOCK GRANT IN THE 1992 BUDGET

($ in millions, President's Proposals)

PROGRAM	1991 BA	1991 O	1992 BA	1992 O	1993 BA	1993 O	1994 BA	1994 O	1995 BA	1995 O	1996 BA	1996 O
Education:												
Impact Aid Payments	781	815	620	695	620	651	620	624	620	620	620	620
Supplemental Ed. Opportunity Grants	520	404	347	498	347	352	347	347	347	347	347	347
Chapter 2 Block Grant	449	533	449	465	449	445	449	449	449	449	449	449
Public Libary Services	143	155	35	115	35	71	35	35	35	35	35	35
Environmental Protection Agency:												
Construction Grants	2083	2345	1900	2195	1200	2082	600	1883	0	1482	0	1025
Health & Human Services:												
State Welfare Admin., expenses for Medicaid AFDC, & Food Stamps	5178	5167	5878	5867	6453	6440	7062	7048	7701	7686	8366	8349
Social Serv. Block Grant	2800	2800	2800	2800	2800	2800	2800	2800	2800	2800	2800	2800
LIHEAP	1610	1669	1025	991	875	796	625	552	475	393	375	287
Housing and Urban Development:												
Selected Housing Grants	5512	3185	4789	3805	4837	4484	4897	4685	4961	5036	5026	4968
Community Development Block Grants	3200	3073	2920	3097	2920	3061	2920	2906	2920	2914	2920	2915
Justice:												
Byrne Memorial State & Local law Enforcement assistance program	490	342	490	421	490	475	490	481	490	484	490	491
TOTAL	22766	20488	21253	20949	21026	21657	20845	21810	20798	22246	21428	22286

DESCRIPTION OF GRANT PROGRAMS PROPOSED FOR CONVERSION TO A BLOCK GRANT IN THE 1992 BUDGET

EDUCATION:

- Impact Aid payments provide grants to local education agencies to compensate them when Federal activities result in increased enrollments or loss of local revenues -- most of the funding now goes to districts educating students whose parents are in the uniformed services or those who reside on Indian land. For 1992, the President proposes major policy changes, including:

  1) increasing "a" payments (made on behalf of children who live on and have a parent who works on Federal property) to districts with high numbers of children with federally employed parents, and substantially decreasing payments to districts with low numbers of federally employed parents; and,

  2) eliminating "b" payments (made on behalf of children who live on or have a parent working on Federal property.

- Supplemental Opportunity Education Grants (SEOGs) provide funding (up to $4,000 per academic year) to undergraduate students with a demonstrated need under a statutory need analysis system. The exact grant amount is left to the discretion of the institutional financial aid administrator.

- Chapter 2 block grant provides funds to States to improve the quality of elementary and secondary education for children in public and private schools. States are currently required to distribute a portion of these grants to school systems by criteria that weighs in a "higher than usual cost" of education for special groups of children (i.e. disabled, disadvantaged).

- Public Library Services provides grants to states to assist in expanding and improving public library services, especially for under-served groups.

ENVIRONMENTAL PROTECTION AGENCY:

- Sewage Treatment Construction Grants provide money to localities for sewage treatment plant construction. The 1987 Clean Water Act amendments provide for a phased elimination of these Federal grants and establish a state revolving fund which should become self-supporting after 1994. Currently, 80 percent of Federal money goes into the state revolving fund and 20 percent is earmarked directly to cities. States must match 20 percent of the Federal contribution made to the state revolving fund.

Although, the 1987 Clean Water Act amendments call for the end of federal funding after 1994, it is doubtful that this will occur. Federal funding is likely to decline in the out years, especially for the state revolving fund, but not at a level proposed by the President's 1992 budget. The President's proposal does not take into account future funding for direct grants earmarked for cities, which the Administration is requesting $400 million for 1992.

HEALTH AND HUMAN SERVICES:

State Welfare Administrative Expenses The block grant would include federal payments to states for administrative expenses for the Medicaid, Food Stamps and AFDC programs. Under current law, federal matching payments generally provide between 50 and 90 percent of the financing for administrative costs, depending on the specific activity. For budget scoring purposes, these payments are treated as mandatory, or entitlement, spending as are the programs' direct benefit costs. Increases in administrative expenses are not always under state control, often driven in changes in federal mandates for program administration as well as benefit changes.

Total funding for state welfare administrative expenses under the block grant (excluding Medicaid provider facility survey and certification activities, which is proposed to be financed separately through new user fees, and Medicaid fraud control activities) is projected to be $5.9 billion in 1992, growing to $8.3 billion by 1996. This projected level of funding would appear to include amounts appropriate to maintain current services levels throughout the five-year budget period. Future federal mandates and required program changes are very difficult to predict, however. Several questions need to be considered: If a block grant was considered discretionary, would increases in administrative expenses necessitated by new federal mandates be assured, as they are now? Would increases in administrative costs necessary as a result of increased program enrollment be assured, as they are now? Would annual appropriations for the new block grant, including welfare program administrative expenses, have to compete with other discretionary programs under the discretionary funding cap?

o Social Services Block Grant -- The Social Services Block Grant provides funding for states to provide a variety of social services. States have wide discretion with the federal funds, but are generally directed at child abuse and neglect prevention services and programs that reduce or eliminate dependencies and promote self-sufficiency.

o Low Income Home Energy Assistance Program (LIHEAP) -- provides energy assistance to low income households that use heating oil, petroleum gas, and kerosene. Homes that receive other low-income government assistance and homes that earn less than 150 percent of the poverty level are eligible. States are allowed flexibility in determining payment levels and types of payments. Many states distribute funds through local governments.

Funding for LIHEAP has decreased dramatically over the last several years. The program received its peak funding level in 1985 and 1986 at $2.1 billion. By last year, funding had decreased to $1.4 billion, and this year, the President proposes another cut of $490 million under last year's level for a total of $925 million. This cut could reduce by 2 million, the number of households served by the program. This year's authorization level is $2.23 billion.

HOUSING AND URBAN DEVELOPMENT:

- Public Housing Modernization -- provides funds to public housing authorities (PHA) nationwide for the repair of public housing projects. Activities include replacement of major systems, upgrading projects, lead-based paint abatement, handicapped access, and energy conservation. HUD studies have indicated that the backlog for these needs could reach $24.3 billion.

- Public Housing Operating Subsidies -- provides funding to PHAs for their operating and administrative expenses. Funds are distributed through a formula that calculates the expected costs of the average well-managed PHA. Operating subsidies are expected to make up any shortfall from tenant rent contributions which are set in law at 30 percent a tenant's adjusted gross income.

- Drug Elimination Grants -- grants to PHAs to aid in strategies to eliminate drug use in specific projects. Funds may be used for reimbursing the local police, hiring security officers, adding security measures to a building, and providing drug abuse and drug prevention counselling.

- Elderly and Handicapped Housing Construction Grants -- provides grants to qualified non-profit housing development organizations for the purpose of constructing housing for very-low income elderly or handicapped households.

- Section 8 Moderate Rehabilitation Single Room Occupancy and Shelter plus Care Single Room Occupancy Program -- provides 10-year rental assistance payments to owners of buildings with single rooms available to the homeless. Rental assistance payments are equal to the difference between 30 percent of the tenant's income and a fair market rent. The Shelter plus Care program which adds the local provision of service in conjunction with the rental assistance is expected to replace the regular Section 8 moderate rehabilitation program in 1992.

- Community Development Block Grants -- Currently, cities claim 70 percent of total Community Development Block Grant (CDBG) funding. A proven success, CDBG funds have been used by cities for a variety of purposes --

from affordable housing to assistance for the homeless. The loss of such direct funding as part of the President's Block Grant and the resulting competition for funds would only serve to strain already limited city resources. In addition, CDBG funding has declined by 47 percent in real terms over the past decade.

JUSTICE:

- Byrne memorial state and local law enforcement assistance program These formula grants for drug control and system improvement provide funds to augment states' drug law enforcement efforts. Each state receives an amount equal to .25 percent of the total grant. The remainder of the funds is allocated by population.

  States are required to match 50 percent of these funds with a cash contribution of their own revenues. In the past, Congress has waived this to 25 percent.

APPENDIX II:

CURRENT SERVICES FOR BLOCK GRANTS IN THE PRESIDENT'S PROPOSAL

GRANT PROGRAMS PROPOSED FOR CONVERSION TO A BLOCK GRANT IN THE 1992 BUDGET
(Current Services, $ in millions)

	1991		1992		1993		1994		1995		1996	
PROGRAM	BA	O	BA	O	BA	O	BA	O	BA	O	BA	O
Education:												
Impact Aid Payments	781	815	814	834	846	850	878	869	911	902	943	934
Supplemental Ed. Opportunity Grants	520	404	542	517	564	544	585	565	607	587	628	608
Chapter 2 Block Grant	449	533	468	467	486	462	505	485	524	503	542	522
Public Libary Services	143	155	149	154	155	157	161	155	167	161	173	167
Environmental Protection Agency:												
Construction Grants	2102	2354	2190	2200	2277	2140	2364	2146	2451	2154	2537	2160
Health & Human Services:												
State Welfare Admin., expenses for Medicaid AFDC, & Food Stamps	5178	5167	5878	5867	6453	6440	7062	7048	7701	7686	8366	8349
Social Serv. Block Grant	2800	2800	2800	2800	2800	2800	2800	2800	2800	2800	2800	2800
LIHEAP	1610	1669	1678	1485	1745	1528	1811	1585	1878	1644	1944	1702
Housing and Urban Development:												
Selected Housing Grants	5512	3185	5743	3819	5973	4570	6158	5024	6444	5695	6684	6117
Community Development Block Grants	3200	3073	3334	3114	3468	3445	3600	3371	3733	3499	3868	3628
Justice:												
Byrne Memorial State & Local law Enforcement assistance program	492	401	512	455	532	490	553	526	575	547	597	568
TOTAL	22787	20556	24108	21712	25299	23426	26477	24574	27791	26178	29082	27555

APPENDIX III:

PERCENTAGE CHANGE IN REVENUE SOURCES FOR LARGE CITIES

Percentage Change in Revenue Sources for Large Cities
(From 1979-80 to 1987-88)

City:	Total Revenue	State Revenue	Federal Revenue	Local Revenue
	Percentage Change from 1979-80 to 1987-88			
All cities over 300,000 in population	72.6	49.8	-35.1	82.3
Atlanta	72.6	-74.6	-25.3	76.2
Baltimore	45.1	47.8	-36.8	74.9
Boston	50.2	139.1	-67.6	16.8
Chicago	58.4	82.2	-41.5	94.2
Dallas	96.3	168.4	-70.3	102.3
Denver	67.1	103.7	-48.0	69.2
Detroit	23.2	82.9	-67.2	41.4
Los Angeles	96.7	106.1	-67.6	120.1
Memphis	42.9	76.2	-84.1	45.2
Nashville	100.4	95.3	-69.4	114.1
New York City	77.3	52.2	-29.7	100.5
Philadelphia	63.4	48.1	-43.4	84.3
St. Louis	17.3	-35.5	-56.4	36.8
San Francisco	83.2	91.5	-59.0	115.0

Source: U.S. Bureau of the Census, City Finances, 1979-80, 1987-88

APPENDIX IV:

TRENDS IN UNCONDITIONAL STATE AND FEDERAL AID TO LARGE CITIES

Trends in Unconditional State and Federal Aid to Large Cities
1979-80 and 1987-88
(Dollars in millions)

	1979 - 1980		1987 - 1988		Change in Dollars	
	State Uncond. Aid	Federal Gen. Rev. Sharing	State Uncond. Aid	Federal Gen. Rev. Sharing	State Uncond. Aid	Federal Gen. Rev. Sharing
All cities over 300,000 in population	1,744	961	2,762	0	1,018	-961
Atlanta	3	8	6	0	3	-8
Baltimore	19	25	36	0	17	-25
Boston	20	17	325	0	305	-17
Chicago	117	74	156	0	39	-74
Dallas	2	15	3	0	1	-15
Denver	4	12	4	0	0	-12
Detroit	149	40	270	0	121	-40
Los Angeles	85	48	132	0	47	-48
Memphis	18	12	32	0	14	-12
Nashville	10	9	21	0	11	-9
New York City	777	291	652	0	-125	-291
Philadelphia	8	48	16	0	8	-48
St. Louis	1	13	3	0	2	-13
San Francisco	37	22	64	0	27	-22

Source: U.S. Bureau of the Census, City Government Finances, 1979-80, 1987-88

INTERNATIONAL COMPETITIVENESS IMPACT

The enforcement of last year's budget agreement will strengthen the competitive position of the United States. According to the Congressional Budget Office, the agreement will reduce the borrowing requirements of the federal government by $482 billion from 1991 through 1995. This reduction in government borrowing will put downard pressure on the cost of capital for private investment. Such reduced government borrowing is particularly important now, as the rebuilding of Eastern Europe and Kuwait may attract international capital away from the United States and thereby put upward pressure on the cost of capital.

The benefits of the budget agreement are already apparent. The agreement provided the Federal Reserve with much needed flexibility to address the downward slide in economic activity. Since enactment of the budget agreement, the Federal Reserve has allowed the critical "Fed Funds" rate to fall two percentage points from 8 percent to 6 percent. Long term interest rates on 30 year Treasury bonds have fallen from 8.75 percent to close to 8 percent. Without the budget agreement, Federal Reserve policy would have been strictly constrained.

SUMMARY TABLE—FY 1992

[In billion of dollars]

Federal Government borrowing in private credit markets[1]	289
Net non-federal savings	280–320
Net private investment	172–212
Merchandise trade deficit	51–71
Current Account	36–67
Net increase in foreign indebtedness	32–67

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[1] Includes deposit insurance.

Source: CBO.

Chapter VII. SUMMARY TABLES

1992 BUDGET RESOLUTION CREDIT LEVELS

[In millions of dollars]

	1992	1993	1994	1995	1996
FUNCTION 050:					
Direct Loans	0	0	0	0	0
Loan Guarantees	0	0	0	0	0
Secondary Guarantees	0	0	0	0	0
FUNCTION 150:					
Direct Loans	1,700	1,800	1,800	1,900	2,000
Loan Guarantees	7,000	7,200	7,500	7,800	8,100
Secondary Guarantees	400	400	500	500	500
FUNCTION 250:					
Direct Loans	0	0	0	0	0
Loan Guarantees	0	0	0	0	0
Secondary Guarantees	0	0	0	0	0
FUNCTION 270:					
Direct Loans	1,300	1,400	1,500	1,500	1,500
Loan Guarantees	400	200	300	300	300
Secondary Guarantees	0	0	0	0	0
FUNCTION 300:					
Direct Loans	0	0	0	0	0
Loan Guarantees	0	0	0	0	0
Secondary Guarantees	0	0	0	0	0
FUNCTION 350					
Direct Loans	7,500	7,300	7,100	6,800	6,800
Loan Guarantees	8,200	7,600	7,800	7,800	7,800
Secondary Guarantees	0	0	0	0	0
FUNCTION 370:					
Direct Loans	2,600	2,700	2,800	2,900	3,000
Loan Guarantees	66,600	69,200	71,800	74,500	77,300
Secondary Guarantees	83,400	86,800	90,200	93,900	97,600
FUNCTION 400:					
Direct Loans	0	0	0	100	100
Loan Guarantees	0	0	0	0	0
Secondary Guarantees	0	0	0	0	0

1992 BUDGET RESOLUTION CREDIT LEVELS—Continued

[In millions of dollars]

	1992	1993	1994	1995	1996
FUNCTION 450:					
Direct Loans	1,300	1,400	1,400	1,500	1,500
Loan Guarantees	300	400	400	400	400
Secondary Guarantees	0	0	0	0	0
FUNCTION 500:					
Direct Loans	0	0	0	0	0
Loan Guarantees	12,700	12,800	13,100	13,500	13,800
Secondary Guarantees	0	0	0	0	0
FUNCTION 550:					
Direct Loans	0	0	0	0	0
Loan Guarantees	300	300	300	300	300
Secondary Guarantees	0	0	0	0	0
FUNCTION 570:					
Direct Loans	0	0	0	0	0
Loan Guarantees	0	0	0	0	0
Secondary Guarantees	0	0	0	0	0
FUNCTION 600:					
Direct Loans	0	0	0	0	0
Loan Guarantees	0	0	0	0	0
Secondary Guarantees	0	0	0	0	0
FUNCTION 650:					
Direct Loans	0	0	0	0	0
Loan Guarantees	0	0	0	0	0
Secondary Guarantees	0	0	0	0	0
FUNCTION 700:					
Direct Loans	900	900	800	800	800
Loan Guarantees	18,200	19,800	19,700	20,500	21,300
Secondary Guarantees	0	0	0	0	0
FUNCTION 750:					
Direct Loans	0	0	0	0	0
Loan Guarantees	0	0	0	0	0
Secondary Guarantees	0	0	0	0	0
FUNCTION 800:					
Direct Loans	0	0	0	0	0
Loan Guarantees	0	0	0	0	0
Secondary Guarantees	0	0	0	0	0
FUNCTION 900:					
Direct Loans	0	0	0	0	0
Loan Guarantees	0	0	0	0	0
Secondary Guarantees	0	0	0	0	0

1992 BUDGET RESOLUTION CREDIT LEVELS—Continued

[In millions of dollars]

	1992	1993	1994	1995	1996
FUNCTION 950:					
Direct Loans	0	0	0	0	0
Loan Guarantees	0	0	0	0	0
Secondary Guarantees	0	0	0	0	0
Totals:					
Direct Loans	15,400	15,600	15,500	15,600	15,800
Loan Guarantees	113,700	117,500	120,900	125,100	129,300
Secondary Guarantees	83,800	87,200	90,700	94,400	98,100

PRESIDENT'S BUDGET, BY FUNCTION, CBO ESTIMATES

[In billions of dollars]

		1991	1992	1993	1994	1995	1996
050: National Defense	BA	286.1	291.1	291.1	292.1	295.1	298.1
	O	300.1	298.1	293.1	290.1	289.1	290.1
150: International Affairs	BA	21.1	34.1	22.1	21.1	21.1	21.1
	O	17.1	18.1	18.1	19.1	19.1	19.1
250: Space, Science and Technology	BA	16.1	19.1	21.1	22.1	24.1	25.1
	O	16.1	18.1	19.1	21.1	23.1	24.1
270: Energy	BA	6.1	5.1	6.1	6.1	5.1	5.1
	O	3.1	4.1	5.1	5.1	4.1	4.1
300: Natural Resources	BA	19.1	20.1	20.1	19.1	18.1	18.1
	O	19.1	20.1	20.1	20.1	20.1	19.1
350: Agriculture	BA	20.1	22.1	19.1	17.1	18.1	14.1
	O	16.1	17.1	15.1	14.1	13.1	21.1
370: Commerce, Housing Credit	BA	101.1	107.1	58.1	36.1	18.1	19.1
	O	113.1	103.1	54.1	27.1	−45.1	−40.1
400: Transportation	BA	31.1	34.1	35.1	36.1	37.1	39.1
	O	31.1	33.1	34.1	35.1	36.1	37.1
450: Community, Regional Development	BA	7.1	6.1	5.1	5.1	5.1	5.1
	O	8.1	7.1	6.1	6.1	5.1	5.1
500: Education	BA	45.1	47.1	47.1	47.1	46.1	47.1
	O	43.1	45.1	47.1	46.1	46.1	42.1
550: Health	BA	73.1	82.1	91.1	101.1	111.1	123.1
	O	71.1	83.1	92.1	100.1	110.1	122.1

PRESIDENT'S BUDGET, BY FUNCTION, CBO ESTIMATES—Continued

[In billions of dollars]

		1991	1992	1993	1994	1995	1996
570: Medicare	BA	108.1	117.1	127.1	140.1	156.1	174.1
	O	105.1	114.1	124.1	137.1	151.1	170.1
600: Income Security	BA	213.1	220.1	227.1	233.1	244.1	255.1
	O	170.1	180.1	187.1	198.1	208.1	217.1
650: Social Security	BA	329.1	356.1	385.1	416.1	449.1	485.1
	O	268.1	287.1	304.1	321.1	338.1	356.1
700: Veterans	BA	32.1	33.1	35.1	36.1	37.1	38.1
	O	31.1	33.1	35.1	37.1	37.1	36.1
750: Admin. of Justice	BA	13.1	15.1	15.1	16.1	16.1	17.1
	O	12.1	15.1	16.1	16.1	16.1	16.1
800: General Government	BA	13.1	13.1	13.1	13.1	14.1	14.1
	O	11.1	13.1	14.1	14.1	14.1	14.1
900: Net Interest	BA	199.1	210.1	222.1	232.1	237.1	241.1
	O	199.1	210.1	222.1	232.1	237.1	241.1
920: Allowances	BA	14.1	0.1	0.1	0.1	0.1	0.1
	O	8.1	5.1	1.1	1.1	0.1	0.1
950: Offsetting Receipts	BA	−40.1	−40.1	−40.1	−41.1	−41.1	−42.1
	O	−40.1	−40.1	−40.1	−41.1	−41.1	−42.1
Total	BA	1,507.1	1.591.1	1,598.1	1,647.1	1,711.1	1,794.1
	O	1,402.1	1,462.1	1,467.1	1,499.1	1,479.1	1,542.1

PRESIDENT'S 1992 BUDGET, BY FUNCTION, OMB ESTIMATES

[In billions of dollars]

		1991	1992	1993	1994	1995	1996
050: National Defense	BA	285.6	290.8	290.9	291.9	295.1	297.8
	O	298.9	295.2	292.0	286.7	288.6	293.2
150: International Affairs	BA	19.8	35.7	21.8	20.6	20.9	21.3
	O	17.0	17.8	18.3	18.5	18.5	18.6
250: Space, Science and Technology	BA	16.5	18.9	20.7	22.2	23.7	25.1
	O	15.8	17.5	19.1	20.9	22.4	23.9
270: Energy	BA	5.2	4.1	5.1	5.5	4.9	5.0
	O	2.6	3.7	4.8	5.0	4.0	3.4
300: Natural Resources	BA	18.8	19.7	19.5	18.9	18.0	17.9
	O	18.8	19.5	20.0	20.1	19.6	18.9

PRESIDENT'S 1992 BUDGET, BY FUNCTION, OMB ESTIMATES—Continued

[In billions of dollars]

		1991	1992	1993	1994	1995	1996
350: Agriculture	BA	20.7	20.2	17.7	16.4	16.9	14.0
	O	15.9	15.3	14.2	13.5	12.1	12.6
370: Commerce, Housing Credit	BA	122.1	105.8	11.7	13.3	14.0	15.2
	O	119.5	92.8	50.4	−32.8	−37.7	−26.8
400: Transportation	BA	31.2	34.3	35.1	35.7	36.9	39.0
	O	31.5	32.7	34.7	35.4	35.5	37.1
450: Community, Regional Development	BA	7.5	5.8	5.6	5.8	5.8	5.9
	O	7.7	6.5	5.9	5.6	5.5	5.4
500: Education	BA	45.3	46.9	46.3	45.5	45.3	45.7
	O	42.8	45.5	46.0	45.1	45.0	40.9
550: Health	BA	73.6	81.3	91.8	102.6	113.6	126.0
	O	71.2	81.3	91.3	102.0	112.9	125.2
570: Medicare	BA	104.5	113.8	124.5	138.5	154.6	174.6
	O	104.4	113.7	124.6	138.5	154.5	174.6
600: Income Security	BA	211.1	222.7	232.5	238.2	249.1	258.8
	O	173.2	184.8	194.1	204.8	215.2	223.7
650: Social Security	BA	329.5	351.1	379.9	412.4	443.5	478.4
	O	269.0	288.6	306.5	323.1	339.6	356.6
700: Veterans	BA	32.2	33.4	34.0	35.2	36.2	37.3
	O	31.5	33.0	33.9	36.6	36.1	35.7
750: Administration of Justice	BA	12.8	14.8	15.5	15.7	16.4	17.3
	O	12.6	14.5	15.2	15.4	15.8	17.1
800: General Government	BA	12.3	12.7	13.0	13.1	13.6	14.2
	O	11.2	13.2	14.1	14.2	13.4	14.2
900: Net Interest	BA	196.6	206.3	212.0	215.5	213.8	211.0
	O	197.0	206.3	212.0	215.5	213.8	211.0
920: Allowances	BA	14.0	0.1	0.1	0.1	0.1	0.1
	O	8.2	4.7	0.9	0.5	0.1	0.1
950: Offsetting Receipts	BA	−39.1	−40.8	−43.7	−41.4	−44.8	−44.9
	O	−39.1	−40.8	−43.7	−41.4	−44.8	−44.9
Total	BA	1,520.0	1,577.8	1,533.7	1,605.8	1,677.5	1,759.6
	O	1,409.6	1,445.9	1,454.2	1,427.1	1,470.3	1,540.8

BASELINE REVENUES BY SOURCE

[In billions of dollars]

	1991	1992	1993	1994	1995	1996
Individual income	492.3	527.2	572.0	634.1	689.8	743.0
Corporate income	95.9	102.8	110.3	121.8	131.7	140.2
Social insurance:						
OASDI (off budget)	298.3	315.3	338.7	365.5	389.8	417.2
HI (on budget)	77.9	85.4	92.4	99.1	105.5	112.6
Other (on budget)	25.8	27.5	31.0	34.6	37.0	36.9
Total	402.0	428.1	462.1	499.2	532.4	566.8
Excises	44.8	47.7	50.1	52.0	53.6	51.3
Estate and gift	12.2	13.3	14.1	13.7	14.6	15.7
Customs duties	17.7	19.3	20.8	22.0	22.7	23.9
MISC: Federal	23.4	20.7	19.5	19.8	20.1	21.1
MISC: Other	2.9	3.2	3.2	3.3	3.4	3.1
Total revenues	1,091.1	1,162.3	1,252.1	1,366.0	1,468.2	1,565.1
On-budget revenues	794.0	850.9	910.0	966.7	1,026.2	1,080.8
Off-Budget revenues	297.1	311.4	342.1	399.4	442.0	484.3

Chapter VIII. VIEWS AND ESTIMATES OF SENATE COMMITTEES

Section 301(d) of the Congressional Budget Act (as amended by the Budget Enforcement Act of 1990) calls on the committees of the Senate and House to report to their respective Budget Committees within six weeks of the submission of the President's budget their views and estimates of budget requirements for matters within their jurisdiction to assist the Budget Committees in preparing the budget resolution.

Following is the letter sent by the Budget Committee to the other committees of the Senate requesting their views, together with the responses received.

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LARRY STEIN, STAFF DIRECTOR
G. WILLIAM HOAGLAND, MINORITY STAFF DIRECTOR

United States Senate
COMMITTEE ON THE BUDGET
WASHINGTON, DC 20510-6100

February 15, 1991

The Honorable
Chairman
Committee on

Dear Mr. Chairman:

The Congressional Budget Act, as amended, requires committees of the House and Senate to submit their views and estimates reports to the Budget Committees within six weeks after the President submits his budget. To help us meet this year's deadlines for completing the Budget Resolution, we ask that you submit your report by March 11. This will give the Committee time to review and incorporate your plans into the markup on the budget resolution.

The spending and revenue priorities of your Committee are particularly important as we attempt to advance this year's legislative initiatives and priorities within the procedural framework of the Budget Enforcement Act of 1990. The Act sets limits on discretionary spending for defense, international, and domestic programs. In the aggregate, these caps hold spending below CBO's baseline for defense and domestic programs and below baseline in outlays for international programs. In addition, the Act creates a "pay-as-you-go" process to require that increases in direct spending or decreases in revenues are offset so that there is no net effect on the budget. A breach of either the discretionary caps or the pay-as-you-go requirements will result in automatic across-the-board cuts in discretionary or mandatory programs.

The budget resolution is the only mechanism available to the Congress for establishing general priorities and guarding against sequestration. The information in your reports will help us identify and balance congressional priorities. Moreover, if the budget does not pave the way for pay-as-you-go initiatives, such legislation may be subject to budget act points of order. Your reactions to the President's proposals are also extremely helpful for our members as well as any other observations you may wish to include. A summary of your letter will be included in our budget resolution markup materials and the full text of your views will appear in the Committee report on the budget resolution.

We have provided several sets of budget estimates and other technical information to your staff in order to assist them in preparing your submission. Please let us know if you need any additional information or assistance.

We look forward to working with you and your Committee over the next few weeks as we develop a budget plan for 1992.

Sincerely,

Jim Sasser

Jim Sasser
Chairman

Pete Domenici

Pete V. Domenici
Ranking Minority Member

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United States Senate
COMMITTEE ON
AGRICULTURE, NUTRITION, AND FORESTRY
WASHINGTON, DC 20510-6000

March 8, 1991

The Honorable Jim Sasser
Chairman
Committee on the Budget
United States Senate
Washington D.C. 20510

Dear Mr. Chairman:

This letter provides the views of the Senate Committee on Agriculture, Nutrition and Forestry regarding the 1992 fiscal year budget cycle. This letter is arranged by major program area and illustrates the broad range of Committee jurisdiction and legislation interest for the 1992 fiscal year budget cycle.

The Committee completed action on the Food, Agriculture, Conservation and Trade Act of 1990 (FACT 1990) during the 101st Congress. That legislation lays out the framework for commodity price support, nutrition, rural development, agricultural research and a host of other programs for the next five years. The Committee does not intend to make major revisions to that legislation during this budget cycle, however there are a few areas that will probably require legislative action by the Committee. Further, there are other areas of interest outside of FACT 1990 that may require Committee action this year.

Before going into the areas that will be the subject of legislative interest, the Committee believes that it is important to review the fundamental reforms that have been made to agricultural programs, both in direct commodity support and credit programs, that have occurred over the past four years.

Past Reconciliation Action

Commodity Program Reductions

The Committee notes that spending on commodity programs reached a maximum of $25.8 billion in fiscal year 1986. Since that time, legislative and other actions have caused spending on commodity programs to fall substantially. Under the Food Security Act of 1985 and subsequent disaster assistance legislation, commodity program spending totaled just under $80 billion from fiscal year 1986 through fiscal year 1990. Spending from fiscal year 1991 through fiscal year 1995 is expected by Congressional Budget Office to total $50 billion. This is a substantial reduction. If the comparison were adjusted for inflation, the fall in commodity spending would be even more dramatic.

Direct Lending Programs

The Committee has also taken drastic action in the past few years to reduce substantially direct government lending under its jurisdiction. In fiscal year 1986, the Farmers Home Administration through the Agricultural Credit Insurance Fund issued $2.799 billion in direct loans for ownership and operating loans.

With the reconciliation action of 1990, the amount of direct loans that the Agricultural Credit Insurance Fund is now authorized to issue for fiscal year 1991 has fallen to $537 million. Further, by fiscal year 1995, direct loans will fall to $285 million.

The reductions in commodity program support and direct agricultural lending, constitute a significant reduction in government support for agriculture. No other budget function has faced reductions of this proportion. Prior to the 1990 reconciliation effort, agricultural spending - function 350 - was less than 1% of the total federal budget. Yet out of the total $500 billion deficit reduction package, agriculture was forced to come up with nearly 3% of the cuts. In terms of a percentage reduction in spending, the effect was dramatic - nearly 25%.

Reductions in agricultural spending brought on by last years reconciliation action will have an effect on agriculture and rural America for years to come. The Committee believes that we should allow time to analyze the effects of these changes before making further cuts.

Future Commodity Program Action

Dairy Policy Reform

FACT 1990 allows for further review of the country's policies toward the dairy industry. The Committee agrees with Secretary Madigan that significant portions of the dairy sector are under severe economic stress. The Committee will be looking at future dairy program reforms during the year.

Disaster Assistance

In FACT 1990, the Committee provided for authorization of disaster assistance for producers who suffered losses in 1990. The legislation provided strictly an authorization, and required appropriations prior to distribution of any assistance.

In the past, funding for disaster assistance legislation has been derived from reduced commodity program outlays. Under the Budget Enforcement Act of 1990, reductions in program outlays due to climatic factors would not be counted as savings which could then be used for disaster assistance. This is a concern of the Committee, and an area that the Committee hopes would be reviewed, if a widespread disaster such as occurred in 1988 were to reoccur in the future.

Credit Programs and Credit Reform

The Committee has jurisdiction over a number of credit programs, ranging from Farmers Home Administration farm loans to loans for rural water treatment facilities and agricultural export credit. The Committee was particularly interested in the credit reform provisions of the Omnibus Budget Reconciliation Act of 1990 (OBRA). Areas are of particular concern - determination of the level of subsidy and debt write-offs.

For programs which are already in operation, such as Farmers Home loan programs, a track record exists on loan defaults and other factors necessary to compute the subsidy cost of such loans. For new programs however, there may be no clear method of determining default rates, repayment reflows and other items needed to determine properly the subsidy rate. The Committee is concerned that this determination may occur without sufficient oversight, or understanding of the intent of the proposed program.

The writing off or writing down of debt are also areas of concern. This is an area of significant concern which has been addressed in legislation and through correspondence. The Committee will continue to monitor the situation closely.

Nutrition Programs

The Committee appreciates the close working relationship that it maintains with the Budget Committee on child nutrition issues. The Hunger Prevention Act of 1991, introduced by Senator Sasser, has been referred to our Committee and contains major reforms in nutrition programs that our Committee will carefully consider.

The Committee is looking at a number of important issues concerning the nutritional health of children, ranging from after-school and regular child care programs for low-income children, to programs for homeless preschoolers, from extension of current farmers market availability for WIC recipients to improvements in Food Stamp program benefits for families with children.

Agricultural Research

FACT 1990 contained several major changes in agricultural research programs. The Committee recognized the problems created by years of level funding of agricultural research, and attempted to provide the opportunities for expanded research, and recognized its potential for benefitting the food and agriculture sector. The Committee is particularly concerned that adequate funding be made available for sustainable agricultural research, risk assessment regarding biotechnology, and the National Research Initiative.

Conservation

While FACT 1990 supports and strengthens the conservation provisions initiated in the 1985 farm bill, some significant changes were made in the Conservation Reserve (CRP). A new program was created, called the Agricultural Resources Conservation Program (ARC), which includes the current CRP, as well as two new programs, the Water Quality Incentives Program (WQIP) and the Wetland Reserve Program (WRP).

Water Quality Incentives Program

The Committee believes it is more beneficial to agriculture to leave land in production, wherever possible, while meeting the Nation's environmental objectives. Such a policy enhances our competitiveness, maintains domestic food security, and can deliver environmental benefits at a much lower cost to the taxpayer. The Committee believes it is important that the WQIP receive adequate funding in the coming fiscal year.

Wetlands Reserve Program

The Committee believes it is important that agriculture actively seek to restore some of the wetlands converted to agricultural production, and has created the Wetland Reserve Program (WRP) to achieve this goal. The Act requires the Secretary to enroll up to 1 million acres into the WRP by the end of 1995, and provided for this acreage to be part of a combined 40 million acre goal for the CRP and the WRP.

Rural Development

One of the important initiatives enacted as part of FACT 1990 is Title XXIII, the Rural Development title. The title includes a host of proposals to strengthen rural America with resources needed to grow and prosper. Among these are the Rural Investment Partnerships which establish revolving loan funds for business development. Every effort must be made to stimulate small business development in rural areas to achieve sorely needed job growth. Another important program creates telecommunications links for schools, hospitals and small businesses in rural areas. The Committee also continues to support water and sewer grants under the Farmers Home Administration so that the poorest communities can continue to build and repair drinking water and sewer systems. We request that you include an additional funding to address these and other critical rural development programs.

Conclusion

In conclusion, the Committee has enjoyed its working relationship with the Budget Committee. The Budget Committee's receptivity to issues relating to nutrition and rural development has been particularly helpful. On commodity programs however, the Committee believes that the reductions which have already be taken must be carefully considered by the Budget Committee before any other action is contemplated.

Sincerely,

Richard G Lugar
Richard G. Lugar

Patrick Leahy
Patrick Leahy

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United States Senate
COMMITTEE ON APPROPRIATIONS
WASHINGTON, DC 20510-6025

March 11, 1991

The Honorable Jim Sasser
Chairman
The Honorable Pete V. Domenici
Ranking Minority Member
Committee on the Budget
United States Senate
Washington, D.C. 20510

Dear Chairman Sasser and Senator Domenici:

On behalf of the Committee on Appropriations, we submit herewith the views of the Committee on the first concurrent resolution on the budget, in compliance with section 301(d) of the Congressional Budget Act of 1974, as amended.

Sincerely,

Robert

Mark O. Hatfield
Ranking Minority Member

Robert C. Byrd
Chairman

RCB/msd

Attachment

Views *of the*

Committee on Appropriations
United States Senate

on the First
Concurrent Resolution
on the Budget

Fiscal Year 1992

102 *d* **CONGRESS, FIRST SESSION**

March 1991

[COMMITTEE PRINT]

S. Prt. 102–00

VIEWS
OF THE
Committee on Appropriations
United States Senate
ON THE
FIRST
CONCURRENT RESOLUTION
ON THE BUDGET

FISCAL YEAR 1992

MARCH 1991

U.S. GOVERNMENT PRINTING OFFICE
40–384 ● WASHINGTON : 1991

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INTRODUCTION

Under the provisions of the Budget Enforcement Act of 1990 [BEA], which was enacted into law as title XIII of the Omnibus Budget Reconciliation Act of 1990 (Public Law 101–508), funding levels for discretionary programs in fiscal year 1992 are established for three categories of spending. As calculated under the latest estimates, the funding caps are as follows:

[In billions of dollars]

Category	Budget authority	Outlays
Defense	291.4	295.8
International	[1]21.9	19.6
Domestic	200.1	212.1

[1] Excludes replenishment of IMF funding quota which is exempt from cap.

To the extent that enacted appropriations remain within these totals, Congress is virtually assured that discretionary programs will not be subject to any sequester. Under prior law, changes outside of the control of the Committee and Congress, such as faulty economic assumptions and revenue and spending misestimates, could cause reductions in enacted spending below the amount allowed under the congressional budget resolution.

This report sets forth the views of the Committee on Appropriations on the fiscal year 1992 budget, and is submitted to the Senate Budget Committee in accordance with section 301(d) of the Congressional Budget Act of 1974, as amended. The Committee notes that in lieu of a specific date set in the statute, the Budget Enforcement Act has set the deadline as 6 weeks after the budget submission.

Fiscal year 1992 spending estimates contained in this report are at best preliminary, and reflect the concerns of the 13 subcommittees. The President's budget was transmitted to the Congress on February 4, 1991, and detailed justification materials are still arriving. Consequently, the subcommittees have just begun the hearings designed to scrutinize the administration proposals within their respective jurisdictions. In addition, the Committee is seeking expedited consideration of fiscal year 1991 supplemental appropriations. Similarly, the Committee is determined to do all it can to assure timely processing of the 13 annual appropriations bills in cooperation with the Bush administration.

The Committee notes that the President's budget request, in many cases, is predicated on actions outside the control of the appropriations process, including changes in substantive law and administrative actions and budget amendments to be submitted later. For these reasons the figures set forth below do not match the caps.

The following table shows the portion of the President's request within the purview of the Committee. Comparable tables are included by subcommittee:

[In millions of dollars]

	Budget authority			Fiscal year 1992 OMB outlays		
	Fiscal year 1991 enacted	Fiscal year 1992 request	Request versus 1991	Prior balances	New authority	Total
Gramm-Rudman-Hollings mandatory	203,924	216,237	12,313	11,303	193,860	205,163
Defense discretionary	287,872	291,687	3,815	110,614	186,202	296,816
International discretionary	20,091	34,298	14,207	8,549	11,062	19,611
Domestic discretionary	187,951	198,002	10,052	98,458	114,794	213,252
Total	699,838	740,225	40,387	228,924	505,918	734,842

NOTE: In all tables, detail may not add to totals due to rounding.

AGRICULTURE, RURAL DEVELOPMENT, AND RELATED AGENCIES

[In millions of dollars]

	Budget authority			Fiscal year 1992 OMB outlays		
	Fiscal year 1991 enacted	Fiscal year 1992 request	Request versus 1991	Prior balances	New authority	Total
Gramm-Rudman-Hollings mandatory	42,379	41,024	−1,355	3,177	26,548	29,725
Defense discretionary						
International discretionary	1,011	1,302	291	268	852	1,121
Domestic discretionary	9,027	10,672	1,644	2,011	7,827	9,839
Total	52,417	52,998	580	5,456	35,228	40,684

NOTE: In all tables, detail may not add to totals due to rounding.

OVERVIEW

The Agriculture, Rural Development, and Related Agencies Subcommittee provides funding for all agencies of the U.S. Department of Agriculture except the Forest Service. These programs include agricultural research and extension activities, a variety of conservation programs, farm income and commodity price support programs, a number of marketing and inspection activities, several domestic food programs, rural development and electrification, and the various export and international activities of USDA.

In addition, the subcommittee provides funding for the Food and Drug Administration and the Commodity Futures Trading Commission, and establishes a limitation on the administrative expenses of the Farm Credit Administration and the Farm Credit System Assistance Board. It also provides money to the Department of the Treasury for payments to the Farm Credit System Financial Assistance Corporation.

PRESIDENT'S BUDGET

The President's budget continues past attempts to reduce or eliminate rural housing, rural electrification, rural development, and special research programs and projects while proposing modest increases in a few select programs.

Overall, the President has requested $52,997,650,000 in budget authority and $40,683,912,000 in outlays. In discretionary programs, the President has requested $11,973,511,000 in budget authority and $10,959,206,000 in outlays.

The President has proposed several pieces of legislation not under the jurisdiction of the Committee on Appropriations, including user fees for several marketing and inspection programs, guarantees of private sector money in the Rural Electrification Administration [REA], changes in eligibility for certain food programs, reductions in the subsidy for crop insurance, and changes in the eligibility for farm programs. However, the President's budget does reflect current law levels since the legislation has not been enacted.

An anomaly is the Food and Drug Administration where $197,500,000 in user fees is assumed in the budget without any proposed legislation. Since user fees have been prohibited in the past, an additional $197,500,000 over the President's request would be required.

CBO BASELINE

The 1992 CBO baseline for the subcommittee's discretionary accounts is $12,379,006,000 in budget authority and $11,671,987,000 in total outlays. It should be noted that the baseline contains no funding for certain credit programs which have historically been funded by the subcommittee and for which the President has requested appropriations. CBO has assigned these accounts to the authorizing committee. The cost of these programs is roughly $500,000,000 in budget authority.

PROGRAMS ELIMINATED/MAJOR CUTS

The President has cut $1,147,420,000 of direct and Federal Financing Bank loans for REA, leaving only $699,000,000 in direct loans and $125,000,000 in Rural Telephone Bank loans. The subcommittee notes that a significant backlog of eligible applications exists.

In research and extension, the President has eliminated $82,122,000 in special grants and projects, as well as $62,867,000 for facilities.

The President has requested major cuts in the Farmers Home Administration [FmHA]. Direct rural housing loans are cut by $951,200,000. Direct farm loans are reduced by $1,084,600,000. And direct rural development loans are cut by $129,300,000. Rural development grant programs are cut by $255,800,000.

Finally, the President proposes a reduction of $176,000,000 in the Public Law 480 program level or a cut of $245,042,000 from the baseline.

MAJOR INCREASES

The majority of Presidential increases come in mandatory programs. They include increases of $4,000,000,000 for Commodity Credit Corporation reimbursements, $452,184,000 for conservation programs, $487,604,000 for child nutrition programs, and $4,112,074,000 for food stamps. These mandatory increases are largely complemented by mandatory reductions of $10,614,305,000 in the FmHA and REA loan reimbursements for losses no longer necessary due to credit reform legislation. In addition, several nutrition programs which were treated as mandatory in the past have now been designated discretionary.

The President has highlighted several high priority discretionary programs for increases. The budget proposes an increase of $40,500,000 to upgrade the Federal Government's information on the use of pesticides and the presence of pesticide residues in the food supply. An increase of $34,000,000 is requested to continue the water quality emphasis. Funding is increased by $13,500,000 for

USDA's share in the Governmentwide global climate change research and data analysis program. The national research initiative begun in 1991 at $73,000,000 is increased to $125,000,000. The Special Supplemental Food Program for Women, Infants, and Children [WIC] is increased by $223,400,000. A new rural housing voucher program in the amount of $189,928,000 is requested to offset partially the reduction in rural housing loans.

SUPPLEMENTALS

Five supplemental requests are contained in the budget: (1) "Such sums as may be necessary" are requested for unanticipated costs associated with the Food Stamp Program. Estimates of the actual amount needed range from $200,000,000 to $1,500,000,000. (2) The President proposes to remove the $425,000,000 cap placed on the Export Enhancement Program. The estimated program level for 1991 is $900,000,000. (3) For salaries and expenses of the Agricultural Stabilization and Conservation Service, $86,900,000 is requested to cover additional operating expenses and implementation of the 1990 farm bill. (4) To maintain mandatory inplant inspections, $8,000,000 is requested for the Food Safety and Inspection Service. (5) A transfer of $13,000,000 within the Animal and Plant Health Inspection Service is requested to allow the use of user fees collected under the authority of the 1990 farm bill.

Also, the President proposes a rescission of $10,000,000 under the Soil Conservation Service's watershed and flood prevention activities.

CREDIT

As mentioned earlier, the President proposes, if not the elimination, the drastic reduction of many loan programs. Direct loan reductions, in total, amount to $2,765,456,000. While there are increases proposed for several guaranteed loan programs, overall guaranteed loans are reduced by $516,575,000.

Under credit reform legislation, in order to restore loans cut or eliminated by the President, the subcommittee would need more than $600,000,000 over the President's request.

COMMERCE, JUSTICE, STATE, THE JUDICIARY, AND RELATED AGENCIES

[In millions of dollars]

	Budget authority			Fiscal year 1992 OMB outlays		
	Fiscal year 1991 enacted	Fiscal year 1992 request	Request versus 1991	Prior balances	New authority	Total
Gramm-Rudman-Hollings mandatory	846	901	55	21	873	894
Defense discretionary	225	225	....	121	57	178
International discretionary	4,358	5,402	1,044	1,038	3,869	4,907
Domestic discretionary	13,895	15,786	1,891	3,848	12,162	16,010
Total	19,324	22,314	2,991	5,028	16,960	21,989

NOTE: In all tables, detail may not add to totals due to rounding.

OVERVIEW

The Commerce, Justice, and State, the Judiciary and Related Agencies Subcommittee supports four Cabinet agencies, the U.S. court system, including the Supreme Court, and 21 independent agencies. It is the only subcommittee that supports appropriations under all three categories stipulated in the 1990 Budget Enforcement Act: domestic discretionary, international affairs, and national defense.

The subcommittee is the principal source of funding for Federal law enforcement and law enforcement assistance—including anti-drug programs, counterterrorism, the judicial system, and prisons. It supports the Justice Department and the judiciary. In fact, 83 percent of the Federal Government's law enforcement spending (budget function 750 outlays) in fiscal year 1991 falls under the subcommittee's jurisdiction.

The subcommittee's domestic discretionary programs can be divided into several categories: (1) law enforcement, the judiciary, and support of legal rights; (2) promotion and regulation of commerce; (3) economic development and international trade; (4) protection of life and public safety; and (5) management of oceans, fisheries, and coastal resources.

The subcommittee's international affairs programs include: (1) the administration of foreign affairs; (2) ensuring free access to information overseas and cultural exchanges; and (3) support for international organizations.

The subcommittee's national defense program involves support for the Maritime Administration's Ready Reserve Force which is currently supporting U.S. military personnel and units in the Persian Gulf.

FISCAL YEAR 1992 BUDGET ESTIMATES

The President's budget proposal for discretionary appropriation accounts under the Commerce, Justice, and State, the Judiciary, and Related Agencies Subcommittee's jurisdiction is $21,413,000,000 in budget authority and $21,095,000,000 in outlays. The President's budget would result in new discretionary outlays of $16,087,314,000 as estimated by the OMB and $16,099,120,000 as estimated by CBO.

DOMESTIC DISCRETIONARY PROGRAMS

For fiscal year 1992, the President is requesting discretionary domestic funding of $15,786,000,000 in budget authority and $16,010,000,000 in outlays. When factoring in what credit would have cost in fiscal year 1991, this represents an increase of approximately 10 percent over fiscal year 1991 enacted levels.

In order to provide for fiscal year 1992 Presidential initiatives that are for programs that Congress has supported in the past (such as counternarcotic programs), and to continue those programs proposed for termination or significant cutbacks that Congress has supported every year since 1981—the subcommittee would require an additional $927,700,000 in domestic discretionary budget authority and $485,200,000 in domestic discretionary outlays above the President's request. This amount does not include new, additional antiterrorism funding for the Department of Justice resulting from the Persian Gulf War. It should be noted that long after the cessation of hostilities, the Department of Justice, not the Department of Defense, will be called upon to protect and defend Americans at home against terrorist attacks.

In addition, the President's request does not reflect the increases of $2,000,000 in budget authority and $500,000 in outlays proposed by the State Justice Institute, and $29,300,000 in budget authority and $25,800,000 in outlays proposed by the Legal Services Corporation. Both these agencies submit their budgets directly to the Congress.

The Congressional Budget Office [CBO] baseline for the subcommittee's domestic discretionary programs is $15,325,000,000 in budget authority and $15,820,000,000 in outlays. CBO's estimate does not take into account programs that cannot be level funded such as weather satellite and National Weather Service radar procurement. The NOAA Weather Satellite Program alone will require an increase of $119,000,000, or 47 percent, above the fiscal year 1991 funding level.

Administration proposed decreases

NOAA fisheries, research, ocean, and coastal programs.—A reduction of $171,500,000 in NOAA fisheries, oceans, and coastal programs, and research and grant programs, such as the Sea Grant Program to assist educational institutions with marine science programs and research on the zebra mussel outbreak in the Great Lakes.

Economic development.—A reduction of $218,200,000 in Economic Development Administration public works and planning grants and $9,200,000 in salaries and expenses due to the administration's proposed termination of this program.

Justice grants.—A reduction of $82,400,000 in Office of Justice programs through the termination of Juvenile Justice and Delinquency Prevention Formula Grant Program, the regional information sharing system, and the elimination of the reimbursement to States for housing convicted Mariel Cubans.

SBA disaster loans.—A reduction of $60,300,000 in Small Business Administration [SBA] disaster loans based on employing more stringent qualification criteria. Restoration of these funds would be required to maintain current credit levels.

SBA technical assistance and business loans.—A reduction of $226,900,000 for SBA business loans and loan guarantees based on administration proposed eligibility changes and other reforms and $53,900,000 for SBA operations, grants, and small business development centers. Restoration of the funding for business loans would be required to maintain current credit levels.

NTIA grants.—A reduction of $21,800,000 resulting from the administration's proposal to terminate National Telecommunications and Information Administration [NTIA] public telecommunications and facilities planning and construction grants.

FCC programs.—A reduction of $67,600,000 in Federal Communications Commission operations if Congress does not enact new administration proposed user fee proposals.

Administration proposed increases

Justice Department counternarcotic programs.—An increase of $604,600,000, or 15.8 percent, above current levels. These drug initiatives will bolster the counternarcotic programs of the Federal Bureau of Investigation, Drug Enforcement Administration, U.S. Marshals Service, U.S. attorneys, and Immigration and Naturalization Service. Funding will provide for additional FBI and DEA agents, increased drug enforcement activities in small cities and surrounding rural areas, and a continued focus on the suppression of drug trafficking through foreign countries.

Financial fraud.—An increase of $98,310,000 for Justice Department savings and loan, bank fraud, and other white-collar crime investigations and prosecutions.

Federal prisons.—An increase of $162,803,000 for Federal prison system staffing and operations to activate 5,900 additional beds in Federal correctional facilities, and to provide for a 9,140, or 15 percent, increase in the daily inmate population.

Mandatory costs.—$749,000,000, or 54 percent, of the Justice Department increase results from mandatory reforms enacted by Congress last year—such as the Federal Law Enforcement Pay Reform Act, annualization of new positions provided by Congress in fiscal year 1991 to accelerate the war on drugs and expand the investigation and prosecution of financial institution fraud.

The judiciary.—An increase of $590,000,000 for the U.S. judiciary, including the Supreme Court. This increase recognizes that the Federal courts must modernize and catch up to provide speedy trials for accused criminals and litigants, and to handle the unprecedented increase in bankruptcies. The Nation's increased investment in Federal investigative and prosecutorial agencies will not be effective if the Federal court system is swamped and unable to provide fair and speedy trials.

A total of $147,000,000, or 25 percent, of the judiciary's requested increase results from the enactment of the Federal Judgeships Act, the Judicial Improvements Act, and other legislation passed by Congress last year. In addition, $273,000,000, or 46 percent, of the judiciary's requested increase is for uncontrollable costs such as inflation, annualization of new positions approved last year, et cetera.

NOAA weather satellites and severe weather technology.—An increase of $119,000,000 for National Oceanic and Atmospheric Administration [NOAA] weather satellite procurement and operations and $55,000,000 for doppler weather radars. Based on recent procurement experience, these increases will not be adequate to maintain current services.

Global change research.—An increase of $30,800,000 for NOAA research on global and climate change.

Competitive R&D.—An increase of $32,000,000 in new National Institute of Standards and Technology research to enhance competitiveness in materials science, computers, and other emerging technologies.

Securities fraud and stability.—An increase of $68,000,000 for Securities and Exchange Commission antifraud and market stability programs. Four separate authorizations enacted by Congress in 1990 require these spending increases.

INTERNATIONAL AFFAIRS

The President is requesting $5,402,000,000 in budget authority and $4,907,000,000 in outlays for international affairs programs under the subcommittee's jurisdiction. This represents increases of 26 and 5.9 percent respectively. The significant increase in budget authority results from: (1) the proposal to fully fund arrearages to international organizations, such as the United Nations; (2) the need to enhance Embassy security and overseas State Department construction; and (3) the unbalanced ratio of budget authority to outlays in the Budget Enforcement Act cap for international affairs compared with the ratios for domestic discretionary and national defense programs.

These amounts do not include costs resulting from the Persian Gulf War. Additional requirements will no doubt be required to: (1) rebuild Embassies and consulates in the Middle East; (2) provide a heightened level of security for U.S. diplomats overseas; and (3) provide contributions to international peacekeeping forces.

The CBO baseline for these international affairs programs is $4,520,000,000 in budget authority and $4,697,000,000 in outlays.

Administration proposed increases

International organizations.—An increase of $417,428,000 for international organizations such as the United Nations, World Health Organization, and Food and Agriculture Organization and contributions to international peacekeeping activities. This initiative would fully fund fiscal year 1992 assessed contributions to these organizations as well as fund past arrearages owed by the United States due to treaty commitments.

Overseas buildings and facilities.—An increase of $212,344,000 for acquisition and maintenance of State Department Embassies and consulates overseas. This would allow the State Department to: (1) perform antiterrorism improvements; (2) meet emerging requirements in Eastern Europe; (3) offset the impact of the devaluation of the U.S. dollar overseas; (4) enhance security over building materials and construction overseas; and (5) begin to reduce the backlog of necessary repair and maintenance that has built up in the U.S. inventory of overseas posts.

United States Embassy in the Soviet Union.—An increase of $130,000,000 to begin building a replacement for the current United States Embassy office building in Moscow, U.S.S.R.

State operations and immigration reform.—An increase of $179,355,000 in State operating expenses to: (1) procure equipment and hire personnel to issue the 75-percent increase in annual visas (from 400,000 to 700,000 visas a year) mandated by the 1990 Immigration Reform Act; (2) enhance operations in new Eastern European democracies; (3) offset the impact of the devaluation of the U.S. dollar overseas; and (4) fund mandatory pay raise and inflationary increases.

Information agencies.—$52,775,000 for the U.S. Information Agency including the Voice of America, Radio and TV Marti, and the National Endowment for Democracy, and $20,210,000 for the Board for International Broadcasting. These funds will only partially offset currency losses and program reductions will still be required.

NATIONAL DEFENSE PROGRAM

The President is requesting $225,000,000 in budget authority and $178,000,000 in outlays for the Maritime Administration's [Marad] Ready Reserve Force. The Ready Reserve Force [RRF] is the only national defense account under the subcommittee's jurisdiction. It also is the administration's only request in fiscal year 1992 to augment U.S. sealift capacity.

The CBO baseline for the Marad's RRF is $234,000,000 in budget authority and $217,000,000 in outlays.

While the administration is holding Marad to a hard freeze in budget authority, it is proposing several changes within the RRF appropriation account.

Administration proposed changes

Fleet operation and maintenance.—A decrease of $54,600,000 is proposed in fleet operation and maintenance. Notwithstanding Operation Desert Storm, the administration is proposing no enhancements in ship maintenance or activations.

Fleet acquisitions.—An increase of $54,600,000 for ship acquisitions. Assuming improvements in the international market for roll-on/roll-off ships and other sealift vessels, the administration's budget would procure 6 additional RRF ships to build toward the goal of 142 ships by 1994.

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FISCAL YEAR 1991 SUPPLEMENTALS

The administration's request for supplemental discretionary appropriations under the Commerce, Justice, and State, the Judiciary, and Related Agencies Subcommittee totals $142,385,000 in budget authority and $84,752,000 in outlays. These result from both normal supplemental requests included in the President's fiscal year 1992 budget as well as emergency supplementals resulting from Operation Desert Storm.

Domestic discretionary.—Supplemental requests total $80,985,000 in budget authority and $34,052,000 in outlays.

Budget authority of $73,249,000 and $27,852,000 in outlays result from supplementals included in the budget. This request is associated primarily with the various components of the judiciary to cover pay increases and implementation of the Federal Judgeship Act of 1990 and the Judicial Improvements Act of 1990.

Budget authority of $7,736,000 and $6,200,000 in outlays is requested for emergency supplemental funding required for the FBI and Immigration and Naturalization Service for Operation Desert Storm. The subcommittee is concerned that this request does not fully recognize costs these domestic defense agencies have absorbed. It also is concerned that the administration has not considered emergency evacuation costs, technical assistance, and additional fuel costs absorbed by the U.S. Foreign and Commercial Service and the National Oceanic and Atmospheric Administration in the Department of Commerce.

International affairs.—Supplemental requests total $61,400,000 in budget authority and $50,700,000 in outlays for international affairs programs. Except for $8,000,000 in budget authority and outlays requested to cushion foreign currency losses of the Board of International Broadcasting, the request is for costs resulting from Operation Desert Storm. The Persian Gulf War has required increased expenditures for security, transportation, communications, and crisis operations. The State Department's emergencies fund, used for evacuations, is virtually in antideficiency.

DEFENSE

[In millions of dollars]

	Budget authority			Fiscal year 1992 OMB outlays		
	Fiscal year 1991 enacted	Fiscal year 1992 request	Request versus 1991	Prior balances	New authority	Total
Gramm-Rudman-Hollings mandatory	165	164	−1	....	164	164
Defense discretionary	268,023	271,202	3,178	101,180	175,541	276,721
International discretionary	....	....	....	....	....	....
Domestic discretionary	....	....	....	....	....	....
Total	268,188	271,366	3,178	101,180	175,705	276,885

NOTE: In all tables, detail may not add to totals due to rounding.

OVERVIEW

The jurisdiction of the Defense Subcommittee includes all spending for the Defense Department except for amounts for military construction and family housing programs. The subcommittee also provides funding for the Central Intelligence Agency retirement and disability fund and support for the intelligence community staff.

FISCAL YEAR 1992 BUDGET ESTIMATES

The fiscal year 1992 request submitted by the administration for appropriations under the jurisdiction of the Defense Subcommittee totals $271,365,919,000. Associated outlays for new authority and prior balances not including proposed supplementals and rescissions as estimated by the Office of Management and Budget [OMB] are $276,884,901,000. The Congressional Budget Office's [CBO] estimate for outlays is $279,673,918,000, a difference of $2,789,017,000.

CBO BASELINE

The President's budget request is $10,551,943,000 below the CBO baseline in budget authority and $7,106,470,000 in outlays using CBO scoring.

ADJUSTMENTS TO THE PRESIDENT'S REQUEST

The Committee on Appropriations recommends that the budget resolution include the amount requested for defense. It is clear that global changes of monumental consequence are reshaping our need for national defense funding, and the administration has reacted to these changes by decreasing the level of spending far below the amounts previously planned by the administration.

The Committee will likely be required to make adjustments in the President's request to offset projected outlay savings of

$990,204,000 from rescissions which have only recently been submitted to Congress. This adjustment results from the Committee's likely rejection of many of the proposed rescissions which are items of congressional interest. In addition, the Committee recognizes further reductions will be required in the programs recommended by the President to provide sufficient resources to meet unbudgeted congressional priorities.

Further, the Committee is concerned that the long-term cost impact of Desert Shield is not included in the President's request for fiscal year 1992. Therefore, the Committee may be forced to request additional appropriations in fiscal year 1992 for Desert Shield-related expenses. The Committee understands that such a request would be considered to be consistent with the budget summit agreement treating the costs of Desert Shield operations.

OUTLAY MISMATCH

The dispute between CBO and OMB will create a severe difficulty for the Defense Subcommittee. In essence, to comply with the ceilings adopted in the summit agreement as defined by CBO, the subcommittee would have to rearrange the amounts requested in order to reduce spending in 1992 by $2,789,017,000. Noting that Defense Subcommittee request is already $7,106,470,000 below the baseline in outlay spending, the subcommittee believes the additional reduction would most certainly cause undesired effects in national defense.

CONCLUSION

The Committee does not believe any adjustment in the budget resolution to the President's request for defense spending is warranted in fiscal year 1992 considering the large reductions included in the President's request. The Committee remains concerned with any deviation from OMB by CBO in outlay estimating and believes this matter must be resolved. Finally, the Committee remains concerned with the potential of uncovered costs resulting from Desert Shield.

DISTRICT OF COLUMBIA

[In millions of dollars]

	Budget authority			Fiscal year 1992 OMB outlays		
	Fiscal year 1991 enacted	Fiscal year 1992 request	Request versus 1991	Prior balances	New authority	Total
Gramm-Rudman-Hollings mandatory						
Defense discretionary						
International discretionary						
Domestic discretionary	568	536	–32		536	536
Total	568	536	–32		536	536

NOTE: In all tables, detail may not add to totals due to rounding.

OVERVIEW

The subcommittee is responsible for all aspects of the budget providing for the operations of the Nation's Capital. The budget includes amounts for the public school system, the courts of the District of Columbia, the District Council, and the various executive agencies of the District government.

The budget also includes various enterprise funds which support such processes as the water and sewers, Convention Center operations, Lottery Board programs, and the Housing Finance Agency. In addition, the District supports its capital borrowing needs through the issuance of debt securities in the municipal bond market.

The District's budget is made up of two components. Federal funds appropriated to the District, a general Federal payment in lieu of taxes, and various specialized amounts for particular purposes or services, as described below. The second, and largest, source of revenue to the District are local tax revenues.

FISCAL YEAR 1992 BUDGET ESTIMATES

The President, in his budget message of February 4, 1991, requested Federal funds totaling $536,070,000 in new budget authority and a like amount in outlays. The amount of new authority is $15,370,000 below the sum enacted in the Fiscal Year 1991 District of Columbia Appropriations Act.

The 1992 estimate includes $484,000,000 for the Federal payment; zero for a lump-sum payment of the water and sewer services provided to the Federal Government; and $52,070,000 in retirement funds contributions.

The fiscal year 1990 and 1991 budgets approved by the Congress contained a 1-year test of a procedure whereby the District government is billing Federal departments and agencies for water and sewer services. This procedure will be reviewed by the Committee during consideration of the fiscal year 1992 budget. However, if this requirement returns to a lump-sum appropriation in 1991 it will require an additional $29,059,000 not contained in the President's budget. The Committee notes that this is the same amount as currently estimated for fiscal year 1991. Water and sewer revenue from other sources is projected to rise by 5 percent in fiscal year 1992.

INCREASES

The President's budget contains an increase in the Federal payment for the first time in several years. The requested amount of $484,000,000 is $53,500,000 above the 1991 appropriated level, and $59,000,000 above the current authorized level.

The Committee expects the District government to submit a request for a substantial increase in the Federal payment in 1992, and for a formula-based payment in future years.

DECREASES

The budget request does not contain any request for the $25,199,000 authorized for officers and members of the Metropolitan Police Department (Public Law 101–223; 103 Stat. 1901). During the last 2 fiscal years the Congress has provided separate appropriations for these funds.

SUPPLEMENTALS

On February 22, 1991, the President requested a total of $3,600,000 in dire emergency supplemental funds for the District as compensation for the salaries, benefits, and support costs tied to demonstrations and increased security for Federal Government facilities, officials, and diplomats. These increased costs are a direct result of Operation Desert Shield/Storm. This amount will cover the period through March 31, 1991.

In addition the Committee notes that the Mayor of the District of Columbia has publicly announced her intention to seek an additional appropriation of $100,000,000 in Federal appropriations in 1991 to assist in closing a projected deficit of $300,000,000. If such a request is made the Committee expects that it will be considered.

ENERGY AND WATER DEVELOPMENT

[In millions of dollars]

	Budget authority			Fiscal year 1992 OMB outlays		
	Fiscal year 1991 enacted	Fiscal year 1992 request	Request versus 1991	Prior balances	New authority	Total
Gramm-Rudman-Hollings mandatory	....	....	....	....	....	....
Defense discretionary	10,925	11,780	855	3,686	7,473	11,159
International discretionary	....	....	....	....	....	....
Domestic discretionary	9,350	9,830	480	3,428	5,712	9,139
Total	20,275	21,610	1,335	7,114	13,185	20,298

NOTE: In all tables, detail may not add to totals due to rounding.

OVERVIEW

The Subcommittee on Energy and Water has jurisdiction for appropriation of funds for fiscal year 1992 for the U.S. Army Corps of Engineers Civil Works Program; the Department of the Interior, Bureau of Reclamation water resource development activities; the Department of Energy (except for fossil energy, energy conservation and certain regulatory activities), its energy supply research and development activities including solar and renewables, nuclear fission, magnetic fusion and the basic and general sciences and technology programs, including the national scientific laboratories; the Atomic Energy Defense Activities, including nuclear weapons research, development, testing, and production; the production of special nuclear materials and the disposal of defense nuclear wastes; and the environmental restoration, cleanup, and modernization of the entire nuclear defense and nondefense complex; the Civilian Nuclear Waste Disposal Program; and related independent agencies and commissions including the Appalachian Regional Commission, the Nuclear Regulatory Commission, the Tennessee Valley Authority, and several small river basin commissions.

WATER RESOURCES DEVELOPMENT

The fiscal year 1992 budget for water resource activities of the U.S. Army Corps of Engineers and the Bureau of Reclamation is the minimum level of funding needed to address important infrastructure requirements of the country. Based on the request for 1992, funding for new construction starts would have to be shifted to limit the impact of the funding shortfalls on ongoing projects.

APPALACHIAN REGIONAL COMMISSION

The budget request for fiscal year 1992 for the Appalachian Regional Commission is again significantly below the level supported by the Congress in 1991. The Congress has consistently supported much higher levels for ARC. Therefore, additional resources over the budget request for fiscal 1992 are required to meet the needs in this important area.

DEPARTMENT OF ENERGY PROGRAMS

The fiscal year 1992 budget request for the Department of Energy restores necessary funding for many high priority activities which the Committee had to reduce in fiscal year 1991. Substantial sums were cut from DOE's research budget for high energy and nuclear physics, fusion programs, the Superconducting Super Collider, other basic energy sciences, and environmental core research. The proposed budget appears to be the minimum needed to restore these efforts to a more adequate level. Additionally, the administration is proposing and the Congress is developing a new national energy security strategy/initiative which would require significant programmatic increases in a number of DOE programs. These include additional resources for conservation and renewable energy research and development, revitalizing the nuclear option and the uranium enrichment program. At the same time, an important facet of the Department's energy program is to improve environmental quality through policies that emphasize clean, efficient energy sources and technologies, without sacrificing economic growth or affordable energy. If the Congress passes a new national security energy program in this first session, approximately $100,000,000 in new budget resources would be required to carry out new energy and environmental initiatives.

The Environmental Restoration and Waste Management Program is the fastest growing program area in DOE. The 5-year plan developed by DOE provides the basis for the Department's plans to consolidate and coordinate cleanup activities at DOE sites and facilities including efforts associated with defense programs, nuclear energy and energy research, combining them as a unified program, and establishing an agenda for compliance and cleanup against which progress will be measured. Approximately $4,300,000,000 has been requested for fiscal year 1992. This request will emphasize the highest priority activities in the cleanup plan. Many affected States and elected officials of those States will be seeking additional resources to comply with negotiated compliance or cleanup agreements or known environmental requirements. Preliminary amounts over and above the budget for this additional cleanup work in fiscal year 1992 are estimated to exceed $400,000,000.

DOE has a significant role to play in maintaining this Nation's technological preeminence and, as a consequence, its economic competitiveness. DOE funds a substantial portion of the Nation's basic research and is sponsoring a new initiative to improve science and mathematic education in the United States. Technology transfer programs help move worthy technology to the commercial marketplace. Many of the products and processes which will be important in the future will have their origin in the basic and applied research and development being carried out in the Department's national laboratories and in DOE contractors facilities. The fiscal year 1992 request for these fundamental science research programs is approximately $2,700,000,000. The high energy and nuclear physics general science program includes $533,700,000 in fiscal year 1992 for the Superconducting Super Collider, more than twice the current level. The increase is primarily for equipment and construction activities. Based on the critical path items identified by DOE and the new revised schedule, the budget request for this high priority project would appear to be adequate.

The biological and environment research program and the basic energy sciences program are essential components of the Nation's commitment to research and development in the United States also. These programs did not fare as well in the budget formulation process of the administration and up to $100,000,000 would be required to maintain the necessary level of effort to prevent further erosion in these important fundamental research efforts.

A major mission of the Department of Energy is to provide the nuclear component of the national defense needs through research, design, development, production, testing, safety and safeguards and security of both nuclear weapons and the weapons complex. These national defense requirements are included in the defense (050) function and are coordinated with and included in the annual authorization of national defense programs. While drastic changes have occurred as a result of the world situation, it is clear that these activities will remain an essential element of the national defense strategy for the foreseeable future and will, therefore, continue to require increasingly higher percentages of defense budgetary allocations. The national weapons laboratories budgets may not be adequate to present further erosion in the labs core research and basic science efforts.

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS

[In millions of dollars]

	Budget authority			Fiscal year 1992 OMB outlays		
	Fiscal year 1991 enacted	Fiscal year 1992 request	Request versus 1991	Prior balances	New authority	Total
Gramm-Rudman-Hollings mandatory	656	41	–615	....	41	41
Defense discretionary	....	....	....	....	....	....
International discretionary	14,714	27,584	12,871	7,242	6,332	13,575
Domestic discretionary	....	....	....	....	....	....
Total	15,370	27,627	12,256	7,242	6,374	13,616

NOTE: In all tables, detail may not add to totals due to rounding.

OVERVIEW

The programs funded by the Foreign Operations, Export Financing, and Related Programs appropriation make up the bulk of U.S. foreign assistance programs, including bilateral and multilateral, economic, military, humanitarian, and export assistance.

The continuing transformation in Eastern Europe, a growing world consensus for urgent action to protect the Earth's environment, and the victorious gulf war which is already leading to profound changes in that region, all pose major new challenges and opportunities for the United States. These challenges will make new demands on U.S. foreign assistance programs.

FISCAL YEAR 1992 BUDGET ESTIMATES

For fiscal 1992, President Bush requests $27,309,931,022 in new discretionary budget authority for foreign assistance, compared to $14,713,998,887 appropriated in fiscal 1991. This enormous increase is deceiving because of the extraordinary impact of the $12,158,000,000 in new budget authority requested for the U.S. share of the periodic quota increase for the International Monetary Fund [IMF]. In accordance with the Omnibus Budget Reform Act, the international affairs ceiling will be held harmless for any appropriation of budget authority for the IMF quota increase, and there are no outlays associated with it. The U.S. contribution to the IMF is an exchange of assets, dollars for an equivalent amount of special drawing rights. There is no cost to the Treasury.

Therefore, setting aside the IMF quota increase, a more accurate total for ongoing foreign assistance programs under the jurisdiction of the Foreign Operations Subcommittee is $15,151,931,022 in discretionary budget authority, an increase in discretionary budget authority of $438,000,000. The President's request estimates $13,578,000,000 in discretionary outlays, as compared with $12,742,000,000 in discretionary outlays in fiscal 1991. The estimated additional $836,000,000 in outlays would ameliorate the budget authority-outlay mismatch the subcommittee faced last year.

IMPACT OF CREDIT REFORM

The fiscal 1992 discretionary budget authority total reflects the effects of the Credit Reform Act. Every direct loan and loan guarantee program in the Foreign Operations request, including the Export-Import Bank, housing investment guarantees, Overseas Private Investment Corporation and foreign military financing will require appropriations of budget authority to cover the subsidy costs of these programs. In the past only the direct loan programs required an appropriation of budget authority.

The subcommittee is still analyzing the implications of the Credit Reform Act for programs under its jurisdiction.

PROGRAM CHANGES

The subcommittee is asked to fund $410,000,000 for the Enterprise for the Americas initiative, including debt reduction. The President requests $4,640,000,000 for grant foreign military assistance and loan subsidy costs, with an additional $313,961,000 in direct loans for military assistance, for a total of $4,953,016,000. This request represents a $290,540,200 increase in foreign military financing programs, grants and loans, over the fiscal 1991 total of $4,663,420,080. At the same time, the President proposes cuts in programs that have always received strong support in Congress. The request reflects no additional demands that may be made on the foreign assistance program as a consequence of the gulf war and its aftermath. Such new demands seem highly likely.

The President requests $556,000,000 for the Export-Import Bank direct loan and loan guarantee programs, as compared to $750,000,000 in budget authority appropriated last year for an equivalent amount of direct loan activity. No budget authority had to be appropriated for the authorized level of $10,599,064,000 in loan guarantees in fiscal 1991. The level of subsidy budget authority requested for fiscal 1992 is projected to allow $9,525,000,000 in total activity, comprised of $915,000,000 in direct loans and $8,610,000,000 in loan guarantees, of which the administration proposes to allocate up to $1,000,000,000 to finance exports of military equipment. Financing of military sales will be a new endeavor for the Export-Import Bank, raising concerns about a potential competition for available export assistance between the defense and nondefense sectors of the U.S. export community. Despite Congress's insistence on making $150,000,000 of the direct loan appropriation available for the war chest to combat tied aid practices, the President places a ceiling of only $115,000,000 on war chest activities. Despite strong support in Congress for a new emphasis on export promotion in the Foreign Aid Program, this request for the Export-Import Bank represents a reduction of over $1,600,000,000 in resources available assist U.S. exports in this one program alone.

Last year, the subcommittee was only able to recommend a foreign operations appropriation which met the minimum objectives of the administration and Congress by a mixture of cuts in important programs. The consequence has been to reduce our ability to provide leadership on critical global economic and environmental problems, and a further shrinking of American private business investment abroad compared to our major competitors. Unless the Congress and the administration can jointly reevaluate priorities and reconsider the funding needed to support them, the United States will continue to see its global leadership limited by narrowly defined foreign assistance programs that are becoming out of date.

INTERIOR AND RELATED AGENCIES

[In millions of dollars]

	Budget authority			Fiscal year 1992 OMB outlays		
	Fiscal year 1991 enacted	Fiscal year 1992 request	Request versus 1991	Prior balances	New authority	Total
Gramm-Rudman-Hollings mandatory	79	78	–1	7	70	78
Defense discretionary						
International discretionary						
Domestic discretionary	12,702	12,117	–585	4,418	7,881	12,299
Total	12,780	12,195	–585	4,425	7,952	12,377

NOTE: In all tables, detail may not add to totals due to rounding.

OVERVIEW

The jurisdiction of the Interior and Related Agencies Subcommittee extends to the vast holdings of public lands in the country, particularly in the West. The Interior Department is responsible for administering 357 units of the National Park System covering 79,800,000 acres, 482 refuges of the Fish and Wildlife Service, and a total of over 90 million acres, 260 million acres managed by the Bureau of Land Management, 52 million acres of Indian trust lands, and approximately 865,000 Indians living on or adjacent to reservations. In addition, the subcommittee's jurisdiction extends to the Forest Service, which manages 191 million acres of public land in 44 States, Puerto Rico, and the Virgin Islands. These public lands encompass 156 national forests and 19 national grasslands.

The jurisdiction of the subcommittee also extends to the nondefense, nonnuclear programs of the Department of Energy. These encompass fossil energy research and development, including clean coal technology. Other energy programs include conservation, the strategic and naval petroleum reserves, and the energy information collection and dissemination activities of the Department of Energy.

The Indian Health Service administers and delivers comprehensive health care to American Indians and Alaska Natives through a system of 45 hospitals, 65 health centers, and 267 smaller health stations. Additional care is offered by tribal contractors at 6 hospitals, 60 health centers, and 262 smaller health stations. Further jurisdictional responsibility of the subcommittee extends to other related Indian programs, such as education, as well as the Federal arts and humanities programs.

FISCAL YEAR 1992 BUDGET ESTIMATES

The following narratives outline the subcommittee's major concerns with the fiscal year 1992 CBO baseline funding levels. Where appropriate, the subcommittee has also commented on the fiscal year 1992 budget proposals from the administration. Specific items are listed below, by account.

Bureau of Land Management

Fire.—The President's budget request includes increased funding for planning and management adjustments necessary for the Bureau to administer a consolidated departmentwide firefighting program. Increased funds are also recommended for wildfire suppression and for emergency rehabilitation of burned lands. An increase of $43,400,000 above the CBO baseline is required to meet these needs.

Fish and Wildlife Service

Construction and anadromous fish.—The CBO baseline does not include funding for two new initiatives in the President's fiscal year 1992 request: the natural resource damage assessment fund and the cooperative endangered species conservation fund. Necessary increases for these initiatives, for maintenance, and for refuge payments in lieu of taxes could be partially offset by a modest reduction in the land acquisition base, for a total increase to the CBO baseline of $19,000,000 in budget authority and $13,300,000 in outlays.

National Park Service

Recommended changes to the CBO baseline for programs under the jurisdiction of the National Park Service should offset each other. Partial increases for the administration's new threatened parks initiative and for national recreation and preservation programs could be accommodated within baseline funding for the urban parks grants program and increases in the construction account.

Geological Survey

The Survey's budget proposals include reductions in water-related programs that will have to be restored. The increases, totaling $17,000,000 above the CBO baseline, are required for coastal erosion studies, and earthquake and volcano hazards reduction programs.

Bureau of Mines

The fiscal year 1992 budget submission reduces funding for mine health and safety research. Additional funding of $9,000,000 above the CBO baseline is necessary to address these needs.

Office of Surface Mining Reclamation and Enforcement

The President's fiscal year 1992 budget proposes a sharp reduction in the funds appropriated from the abandoned mine land [AML] trust fund for the reclamation of serious mine land hazards. This money is collected into a trust fund from coal production taxes and is to be used specifically for mine land reclamation activities. These funds earn no interest while sitting in the Treasury unused. States have every reason to expect their returns from the trust fund in a prompt manner when such funds can be usefully expended. In recent years, States have demonstrated improvement in their ability to contract for mine reclamation construction work, as well as in their ability to obligate trust funds distributed to them. An additional $49,600,000 is required to restore the CBO baseline level for the AML trust fund.

Bureau of Indian Affairs

The fiscal year 1992 budget request for the primary operating account of the Bureau of Indian Affairs, the operation of Indian programs, is $70,700,000 below the fiscal year 1992 preliminary CBO baseline for these same programs. For educational programs for American Indians and Alaska Natives, the budget request is approximately $62,800,000 above the CBO baseline. This higher funding level addresses new educational initiatives for special grants for school development and student achievement, increased formula funding to address enrollment and school expansions, student transportation cost increases, early childhood development programs, and better program management.

The CBO baseline for construction of both educational and noneducational Indian facilities is roughly $50,000,000 above the fiscal year 1992 budget request. The proposed budget eliminates nearly all funding for irrigation projects, which were funded at a level of $46,700,000 in fiscal year 1991. Funds for the BIA safety of dams program ($12,000,000 in the fiscal year 1992 request) are again proposed for transfer to the Bureau of Reclamation, which is under the jurisdiction of the Energy and Water Appropriations Subcommittee. In prior years, these funds have been retained under the jurisdiction of the Interior Appropriations Subcommittee.

For the "Miscellaneous payments to Indians appropriations" account, the budget request is $64,100,000 above the CBO baseline. These funds above the baseline will be necessary in order to fulfill the commitment of the Federal Government, as enacted in recent legislative settlements, to resolve various land and water disputes involving Indian tribes.

Territorial and international affairs

The fiscal year 1992 budget request for TIA reduces funding for the "Administration of territories" account by approximately $40,700,000 below the CBO baseline. The budget request contains no funds for continued rehabilitation and recovery from the devastation of Hurricane Hugo in the Virgin Islands, nor are funds available to continue the Disaster Assistance Program begun in fiscal year 1991.

Similarly, the budget request for fiscal year 1992 for the Trust Territory of the Pacific Islands is $30,900,000 below the CBO baseline. Within the budget request, no funds are provided for ongoing capital improvement and construction projects, for which $18,900,000 was appropriated in fiscal year 1991.

Departmental Offices increases totaling $21,300,000 in budget authority and $18,400,000 in outlays are proposed to the baseline for Departmental Offices. The increase would accommodate the administration's request for the oilspill emergency fund and for other program increases proposed for these offices.

Forest Service

Research.—The fiscal year 1992 budget request for research is $16,500,000 below the fiscal year 1992 CBO baseline. The request level decreases the funds available to continue the Foundation Research Program, and also reduces funding available for continuation of scientific research for national problem areas such as tropical forestry, new perspectives, global change, water quality, threatened and endangered species, rural forest economics, forest health monitoring, and recycling.

State and private forestry.—The fiscal year 1992 budget request is $24,000,000 above the 1992 CBO baseline. The President's budget request eliminates much of the funding provided in fiscal year 1991 for cooperative pest management and cooperative fire protection. The President's budget does not include funds to assist reforestation efforts in the South, primarily South Carolina and Puerto Rico, pursuant to Hurricane Hugo. Estimated cost to accomplish reforestation of State and private lands in these areas is $120,000,000. The budget request recommends an increase of nearly $70,000,000 for the Forest Incentive/Rural Tree Planting Program authorized in the 1990 farm bill and initiated in the fiscal year 1991 Interior appropriation bill. Also, an increase of roughly $11,000,000 is included for the urban forestry tree-planting program.

National Forest System.—The fiscal year 1992 budget request for the National Forest System totals approximately $1,400,000,000, a decrease of nearly $18,000,000 below the CBO baseline. The baseline does not reflect the repeal of the Tongass timber supply fund (Public Law 101–626). Funds previously provided for management of the Tongass National Forest in Alaska through a permanent, indefinite appropriation account are now to be provided through direct annual appropriations. In fiscal year 1991, nearly $43,000,000 was provided through the TTSF. A major initiative in the fiscal year 1992 Forest Service budget is enhanced attention to the recreation needs of the national forests. An increase of $27,300,000 for recreation management is proposed in the budget request, and is not assumed in the CBO baseline.

Construction.—The fiscal year 1992 budget request is $7,300,000 below the fiscal year 1992 CBO baseline. The budget assumes, and the baseline does not reflect, enactment of new fee legislation to assist with maintenance and repair of recreation facilities. Such fee legislation has been proposed in the past, and not enacted. In order the accomplish the work assumed by the fee proposal, the subcommittee's requirements increase by $7,500,000.

Firefighting.—The fiscal year 1992 budget request is $19,500,000 below the CBO baseline. Given continued drought and pest infestations which increase the potential for severe fire years, it may be necessary to provide resources above the budget request for firefighting on Federal lands.

Land acquisition.—The fiscal year 1992 budget request is nearly $30,000,000 above the CBO baseline. It is anticipated that an increase of $15,000,000 above the baseline will be necessary to continue high-priority land acquisition for the national forests.

Department of Energy

Clean coal technology.—The clean coal technology development program will require a total of $465,000,000 in budget authority to cover previously advance appropriated funds for solicitations III, IV, and V. Associated outlays will be approximately $189,000,000. The Committee fully intends to fund the fifth clean coal technology solicitation, which is included in the above numbers at a total of $150,000,000 in fiscal year 1992. The Department is required by law (Public Law 101–512) to conduct this fifth clean coal technology solicitation prior to March 1, 1992.

Fossil energy research and development.—A decrease of $20,500,000 in budget authority and $8,000,000 in outlays below the CBO baseline will be adequate for fossil energy R&D in fiscal year 1992. The decrease reflects the completion of various near-term research programs after the passage of the Clean Air Act of 1990. The administration has consistently proposed very low budgets for energy research funded in the Interior bill over the last 10 years. The increased funding above the budget request for fossil energy research and development would maintain the necessary research and development at the pilot and smaller scale levels, which is necessary for the development of large-scale cost-shared clean coal technology demonstrations and the like. The Committee will not accept the administration's proposal to offset a portion of the fiscal year 1992 fossil energy R&D request with funding from the Clean Coal Program.

Energy conservation.—The administration request includes sharply reduced funding for State energy conservation grants, such as low-income weatherization, schools and hospitals, et cetera. Maintenance of the fiscal year 1991 level for these programs would require an increase of $230,000,000 in budget authority above the President's request. Overall, however, the CBO baseline for energy conservation could be reduced approximately $21,000,000 in budget authority and about $5,000,000 in outlays.

Indian Health Service

The President's fiscal year 1992 budget proposes to split the health services appropriation between Federal and tribal programs. In recent years, the Indian health budget has been unable to keep pace with inflationary increases. Current estimates are that IHS facilities are staffed at only 70 percent of their designated staffing capacity. The President's budget assumes an average annual increase of 5.9 percent in the cost of providing health care. In addition, the health care inflation rate does not consider that the client population served by the Indian Health Service has been growing at an average rate of 2.7 percent annually. No new budget authority is requested to meet these requirements.

The administration proposes to meet these, and other operational costs, such as medical equipment and supplies, increased physician pay, program initiatives in infant mortality prevention, women's health, and enhanced HIV/AIDS prevention and treatment efforts, and expanded alcohol and substance abuse services for youth, through the collection of $129,000,000 from private insurers. The actual collections from private insurers in fiscal year 1990 were $3,700,000. Thus, by fiscal year 1992, IHS is projecting an increase of over 300 percent in their collection ability. It should be noted that the fiscal year 1990 collections were less than 50 percent of the total amount billed for collection, so in order to achieve the $129,000,000 level, a higher level would likely need to be billed. In addition, the budget in no way addresses the reality that in recent years, the actual inflation in medical costs has been 2 to 3 percentage points higher than the medical inflation assumptions contained in the administration's budget estimates. So, not only is no new budget authority requested for a medical inflation assumption of 5.9 percent, no funds are requested to maintain IHS program if medical inflation approaches 8 or 8.5 percent.

The budget proposes no funding for the Indian health care improvement fund, which was funded at a level of $19,000,000 in fiscal year 1991 and is authorized at $20,000,000 for fiscal year 1992. Preliminary studies by the Indian Health Service indicate that to provide each Indian tribe with a level of funding that represents approximately 60 percent of their health care funding needs would require an additional $40,000,000. IHS estimates that to fund 100 percent of need would require $530,000,000.

As with prior budget requests, facility needs are unfunded. The fiscal year 1992 budget request is $161,000,000 below the CBO baseline. Based on the IHS 5-year facility plan, an estimated $318,000,000 can be obligated for facilities that are either partially constructed, or have been planned and designed, and are ready for construction. No funds are included in the budget for sanitation facilities, which were funded at a level of approximately $72,000,000 in fiscal year 1991. The fiscal year 1991 level included funds both for newly constructed Indian homes, and funding of $30,000,000 to begin addressing the backlog of sanitation deficiencies in existing Indian homes. With a sanitation backlog in excess of $670,000,000, it will take IHS over 20 years to address these needs in Indian country if the fiscal year 1991 level is continued.

LABOR-HHS-EDUCATION AND RELATED AGENCIES

[In millions of dollars]

	Budget authority			Fiscal year 1992 OMB outlays		
	Fiscal year 1991 enacted	Fiscal year 1992 request	Request versus 1991	Prior balances	New authority	Total
Gramm-Rudman-Hollings mandatory	132,723	147,667	14,944	2,305	142,010	144,314
Defense discretionary	....	....	....	....	....	....
International discretionary	8	9	1	....	9	9
Domestic discretionary	55,866	56,032	166	31,790	25,475	57,265
Total	188,597	203,708	15,110	34,095	167,494	201,588

NOTE: In all tables, detail may not add to totals due to rounding.

FISCAL YEAR 1992 BUDGET ESTIMATES

President Bush's fiscal year 1992 request for programs funded under the jurisdiction of the Labor-HHS-Education and Related Agencies Subcommittee is $203,708,000,000 in budget authority and $201,588,000,000 in outlays. This request of budget authority is an increase of $15,111,000,000 over the fiscal year 1991 enacted level.

For discretionary programs, President Bush's request totals $56,032,000,000 in budget authority, a net increase of $166,000,000 over fiscal year 1991. The administration's request for these programs proposes approximately $2,800,000,000 in reductions and terminations with approximately $3,000,000,000 in major program increases for a net increase of approximately $200,000,000.

For entitlement programs, the Bush budget totals $147,667,000,000, an increase of $14,944,000,000 over fiscal year 1992 budget authority. As in past years, the administration has proposed legislative changes to entitlement programs that would reduce spending outlays by approximately $3,500,000,000 in fiscal year 1992. These cuts are concentrated in the Medicare area.

RESTORATIONS OF MAJOR CUTBACKS

Virtually all of the $2,800,000,000 in budget authority cutbacks and program eliminations proposed in the President's budget have been rejected in previous years. Examples include the proposal to abolish the community services block grant, which funds a nationwide network of 900 antipoverty agencies (–$425,000,000); job training and employment programs (–$190,000,000); health professions education, which trains nurses and other primary care health professionals (–$173,000,000); low-income home energy assistance (–$595,000,000); impact aid, "b" payments (–$122,000,000); new Federal capital contributions for Perkins loans (–$156,000,000); State student incentive grants (–$63,000,000); libraries (–$107,000,000); supplemental educational opportunity grants

(–$173,000,000); and the Work Study Program (–$198,000,000). The Committee, therefore, faces the initial pressure of restoring approximately $2,800,000,000 in budget authority cutbacks.

MAJOR INCREASES PROPOSED BY THE BUSH REQUEST

For programs within the jurisdiction of the subcommittee, President Bush's request includes a number of significant increases over the fiscal year 1991 levels. These increases total approximately $3,800,000,000 and create a major expectation that they will be funded.

For the Department of Labor, the administration recommends a net increase of $60,439,000 for a number of discretionary programs. Increases include the Job Corps, occupational and mine safety, and improving the quality of labor force and economic statistics. The budget again requests increased funding for administration of the unemployment insurance program, nearly $300,000,000 over the current appropriated level.

For the Department of Health and Human Services, the administration has requested a total increase of approximately $13,300,000,000 over funds provided in fiscal year 1991. However, the fiscal year 1992 budget requests an increase in discretionary spending of approximately $371,000,000 over the level made available in fiscal year 1991, excluding the effects of the legislative change requested in the State Legalization Impact Assistance Program.

Proposed increases include a request to add $100,000,000 to the Head Start Program, $90,000,000 for child welfare services, and $139,000,000 to combat infant mortality in 10 cities. The President has requested a $375,000,000 increase for the Social Security Administration, primarily to handle the additional workload in disability and other claims.

For the National Institutes of Health and the Alcohol, Drug Abuse, and Mental Health Administration, a $581,000,000 increase is requested for research. A new grant program for drug treatment capacity expansion is requested at $99,000,000.

Additionally, the request by the President for the State Legalization Impact Assistance Program would result in a reduction of $1,123,000,000 in fiscal year 1992 program costs. If the subcommittee does not implement this request, the total amount required for funding the Department of Health and Human Services programs would increase by $1,123,000,000.

For the Department of Education, the administration has requested major increases which total approximately $2,500,000,000, although $1,600,000,000 of this total is due to accounting changes in the Guaranteed Student Loan Program resulting from credit reform legislation. These include a $401,000,000 or 8-percent increase for the Pell Grant Program, a $148,000,000 or 7.4-percent increase for the Chapter 1 Program, a $114,000,000 or 4.3-percent increase for education of the handicapped, a $37,000,000 or 18.3-percent increase for math and science State grants, and a $25,000,000 or 4.2-percent increase for drug-free schools. New programs requested by the administration include $200,000,000 for the education certificate program, and $490,000,000 for the Educational Excellence Program.

MAJOR FUNDING PRESSURES

Over and above the pressures created by the Bush budget initiatives as well as the pressure resulting from the need to restore most major cutbacks, there are a number of additional major pressures.

For the Department of Labor, the budget request for the Dislocated Worker Assistance Program falls well below the authorized level. Pressure for increased funding of this program will continue to mount as the Nation is confronted with worker dislocations due to the recession, provisions of the Clean Air Act as well as other changes in environmental and defense policies. Legislation to refocus the Job Training Partnership Act block grant funds to serve the most severely disadvantaged may require a significant increase over existing appropriations in order to maintain support for the same number of program participants. Finally, additional funding will be required for the Job Corps if we are to respond to the growth in operational costs and to the pressure to expand the program to new sites. The effects of these various pressures could well add $200,000,000 to the fiscal year 1992 request.

For the Department of Health and Human Services, the budget request for Medicare contractors underestimates the need for payment safeguards and beneficiary services, resulting in a shortfall of approximately $150,000,000. Furthermore, a budget shortfall of $341,000,000 will exist if proposed legislation to collect user fees is not enacted to offset survey and certification costs of the Health Care Financing Administration. Additional funding up to $200,000,000 would be needed to deal with higher Social Security workloads, such as disability claims.

While requesting $171,000,000 for new infant mortality activities in fiscal year 1992, the administration proposes a cut of $34,000,000 for the maternal and child health block grant, leaving the block grant $132,000,000 below the authorized level of $686,000,000. For all of the drug abuse treatment and prevention programs within the jurisdiction of the subcommittee the administration has requested approximately $3,040,000,000, or an increase of 5.5 percent. In the past the Congress has provided substantially higher increases for drug abuse and treatment programs. Also pressures will mount to fund Head Start at the fully authorized level requiring an additional $2,300,000,000, and to fund the Ryan White AIDS care legislation at the fully authorized level, requiring at least another $665,000,000.

The administration's request for the National Institutes of Health is $60,000,000 below the current services level as estimated by the NIH.

Although funding increases for immunization, lead poisoning, and the breast and cervical cancer initiatives have been requested, no funding increases have been requested for base programs to deal with escalating incidences of diseases that are preventable or to build the infrastructure to meet the Health Objectives 2000. Finally, no increases have been requested for programs to deal with addicted and HIV-infected infants, homeless youth, programs for the aging or the recently enacted child care bill.

For the Department of Education the funding pressures are both specific and general. The education community has called for doubling education funding over the next 5 years in order to meet the Nation's six education goals. It is also estimated that just to fully fund all eligible children and students under the various programs including chapter 1, Special Education, and Pell grants would add over $18,000,000,000 to the fiscal year 1992 request. Other funding concerns may include the effect the Persian Gulf conflict will have on impact aid funds due to increased campus security, special counselors and teacher training, and the effect the economic downturn may have on the financial aid needs of individuals wishing to pursue a higher education.

LEGISLATIVE BRANCH

[In millions of dollars]

	Budget authority			Fiscal year 1992 OMB outlays		
	Fiscal year 1991 enacted	Fiscal year 1992 request	Request versus 1991	Prior balances	New authority	Total
Gramm-Rudman-Hollings mandatory	72	87	15	....	87	87
Defense discretionary	....	....	....	....	....	....
International discretionary	....	....	....	....	....	....
Domestic discretionary	2,167	2,668	501	246	2,350	2,596
Total	2,239	2,756	516	246	2,437	2,683

NOTE: In all tables, detail may not add to totals due to rounding.

OVERVIEW

The jurisdiction of the Subcommittee on the Legislative Branch encompasses the organizational infrastructure of the Senate and the House of Representatives and an assortment of supporting and related agencies. Under the time-honored traditions of intercameral comity, of course, both Houses refrain from passing judgment on the funding and operation of the institutions specific to the other.

This means that the operational jurisdiction of the Senate Subcommittee on the Legislative Branch effectively excludes organizations and activities peculiar to the other body. The subcommittee's review thus centers on specifically Senate entities as well as certain joint congressional endeavors, such as the Joint Economic Committee and the Congressional Budget Office, and related organizations like the General Accounting Office and the Library of Congress. The subcommittee is, of course, nonetheless accountable for meeting the overall funding constraints imposed in congressional budget resolutions, including amounts provided for House items.

FISCAL YEAR 1992 BUDGET ESTIMATES

President's request: Totals.—The total request for the bill (including certain scorekeeping adjustments) is $2,749,273,000 in budget authority [BA] and $2,668,946,000 in outlays [BO] (CBO estimates). This represents an increase of approximately $509,786,000 in BA over the enacted level for fiscal 1991. The increase over the baseline is approximately $343,828,000 in BA and $291,124,000 in outlays. In addition, $4,252,000 in budget amendments for fiscal 1992 have been transmitted.

The Committee believes that the amount contained in the budget would be adequate to support effective performance of legislative branch agencies, with the usual caveat regarding the enactment of legislation adding significant new or expanded programs or activities.

Major increases.—Major increases proposed in the budget include: $173,934,000 for the House of Representatives; $73,364,000 for the Architect of the Capitol; $51,558,000 (net of $3,407,000 in receipts) for the Library of Congress; and $76,260,000 for the General Accounting Office.

FISCAL YEAR 1991 SUPPLEMENTALS

Emergency supplemental appropriations totaling $12,115,000 for fiscal 1991 are proposed. Of this sum, $11,503,810 is for the Capitol Police to defray unanticipated overtime and other costs associated with intensified security measures in the context of the Persian Gulf crisis. The Library of Congress is also requesting $611,000 in additional fiscal 1991 funding to initiate new security procedures at its facilities.

In addition, the Library of Congress has submitted a change in language that would extend the availability of obligated balances for the purchase of reading equipment for the National Library Service for the Blind and Physically Handicapped. OMB estimates that this change in language would have no budgetary impact in fiscal 1991 but would increase outlays by $1,200,000 in fiscal 1992 and $4,500,000 in fiscal 1993.

MILITARY CONSTRUCTION

[In millions of dollars]

	Budget authority			Fiscal year 1992 OMB outlays		
	Fiscal year 1991 enacted	Fiscal year 1992 request	Request versus 1991	Prior balances	New authority	Total
Gramm-Rudman-Hollings mandatory	....	....	....	....	....	....
Defense discretionary	8,364	8,143	–221	5,503	2,917	8,420
International discretionary	....	....	....	....	....	....
Domestic discretionary	....	....	....	....	....	....
Total	8,364	8,143	–221	5,503	2,917	8,420

NOTE: In all tables, detail may not add to totals due to rounding.

OVERVIEW

The military construction appropriations bill provides funding for construction at military installations worldwide as well as construction and operations of military family housing. The bill also provides funding for Department of Defense base closure accounts.

The budget requests a total of $8,142,800,000 in new budget authority, $221,000,000 under the enacted fiscal year 1991 level. The budget request reduces military construction investment accounts, in real terms, 12 percent below fiscal year 1991.

MAJOR INCREASES/CUTS

Significant increases over last year's enacted bill are included in the request. The request seeks a 178-percent increase for project construction at specific locations overseas. In addition, funding for NATO infrastructure is requested to increase 85 percent. Funding for Air Force military construction is increased 33 percent and Air Force family housing, 18 percent. Army military construction is increased 26 percent.

National Guard and Reserve accounts and the Navy construction program were reduced by the administration to make room for requested program increases. The Guard and Reserve have been slashed 66 percent; the Navy, 40 percent. In addition, funding to support base closure activities has been trimmed 20 percent below the fiscal year 1991 level.

NEW REVOLVING FUND

In addition to direct appropriations, the administration proposes a $422,000,000 military construction activity under a new revolving fund, the defense business operations fund [DBOF]. The DBOF account will be in the jurisdiction of the Subcommittee on Defense. Should the Congress fail to approve funding military construction projects in a new DBOF account, the military construction appropriation will be required to fund those projects.

TRANSPORTATION AND RELATED AGENCIES

[In millions of dollars]

	Budget authority			Fiscal year 1992 OMB outlays		
	Fiscal year 1991 enacted	Fiscal year 1992 request	Request versus 1991	Prior balances	New authority	Total
Gramm-Rudman-Hollings mandatory	489	540	50	67	464	531
Defense discretionary	....	....	....	....	....	....
International discretionary	....	....	....	....	....	....
Domestic discretionary	12,499	14,571	2,072	20,635	11,108	31,743
Total	12,988	15,110	2,122	20,702	11,572	32,274

NOTE: In all tables, detail may not add to totals due to rounding.

OVERVIEW

The Subcommittee on Transportation provides funding for all the organizations included in the Department of Transportation, except for the Maritime Administration. In addition, the subcommittee has jurisdiction over a number of related agencies including the Interstate Commerce Commission, the National Transportation Safety Board, the Panama Canal Commission, and the Washington Metropolitan Area Transit Authority.

In fiscal year 1991, major funding was provided to the Federal Aviation Administration, the U.S. Coast Guard, the Urban Mass Transportation Administration, the Federal Highway Administration, the National Highway Traffic Safety Administration, the Federal Railroad Administration, and the National Railroad Passenger Corporation [Amtrak].

In addition, the Defense Subcommittee provided the Coast Guard additional resources of $295,000,000 for operations and provided another $5,000,000 for the "Acquisition, construction and improvements" account for shore facilities. However, the CBO baseline excludes these funds. If these amounts were included in the baseline, budget authority would be higher by $320,000,000 and outlays would be increased by approximately $260,000,000.

FISCAL YEAR 1992 BUDGET ESTIMATES

The administration's proposal for the Transportation Subcommittee is an increase over the fiscal year 1991 program level (budget authority and obligation ceilings) of approximately $2,500,000,000. The budget proposed by the administration results in new discretionary outlays of $11,600,000,000 as estimated by OMB and CBO.

Total outlays for the subcommittee under the administration's proposal are estimated at $32,200,000,000 by CBO and $31,600,000,000 by OMB.

DISCRETIONARY SPENDING

The Committee has concerns about four aspects of the administration request and its spending assumptions for fiscal year 1992. They are:

Proposed funding cuts in major, fast-spending, program areas which the Committee has traditionally fully restored or increased to levels at or above the baseline. These cuts are proposed to pay for the administration's requested increases in Coast Guard and the Federal Aviation Administration. Restoring proposed cuts in the mass transit area and Amtrak will require an additional $820,000,000 above the administration's request.

The administration's expectation that all Coast Guard resources for fiscal year 1992 will be provided through the Transportation appropriations bill. Financing the full fiscal year 1992 request for the fast-spending "Operating expenses" account in the Coast Guard will require $2,539,000,000, which is $499,800,000 or 24.5 percent more than the comparable level provided in the Fiscal Year 1991 Transportation Appropriations Act.

The administration's request for $1,329,743,000 in new budget authority and obligational authority for Federal Aviation Administration programs results in increased outlays of $450,000,000 in fiscal year 1992.

The Committee will attempt this year to restore previous years' shortfalls and adequately address infrastructure needs by increasing the obligation ceilings for the "Federal-aid highway" account and the "Grants-in-aid to airports" account. Also previously deferred capital spending for Amtrak will be addressed. This will increase the subcommittee's discretionary outlays in fiscal year 1992 by $480,000,000.

MAJOR INCREASES PROPOSED BY THE ADMINISTRATION

The increases requested in the administration's proposal are all for programs that are likely to receive strong congressional support. The major increases include:

FAA operations.—An increase of $420,000,000 over the 1991 enacted levels for an additional 495 air traffic controllers; 100 additional aviation inspectors; and 178 more civil aviation security personnel.

FAA facilities and equipment.—An increase of $604,593,000 above 1991 to continue planned procurement and installations for modernizing the air traffic control system; long-range radar for traffic control centers; the advanced automation system; automated weather observing systems; the voice switching and control system; and upgrades to existing airport towers.

Coast Guard operations.—An increase of $499,761,000 over 1991, to continue drug interdiction, law enforcement, and marine environmental protection activities; which assumes that the subcommittee would fully fund all operations and not receive additional support from Defense appropriations, which provided $300,000,000 in 1991.

MAJOR DECREASES PROPOSED BY THE ADMINISTRATION

The major decreases proposed by the administration are not new initiatives. The proposed cuts and eliminations have been suggested by the previous administration and were continually rejected by Congress. The major cuts include:

Federal aid to highways.—Even though the request increases the obligation ceiling for highways, in effect, the proposal would actually reduce the obligation ceiling that controls this program by $100,000,000 from the 1991 level by including previously exempt programs under the obligation ceiling. Also, other highway programs including single-purpose demonstration programs would be eliminated—a reduction of $460,000,000 in budget authority.

Amtrak.—This program and its related activities would be reduced by $330,000,000 in budget authority.

Urban mass transit.—The transit program request is based on the administration's proposed surface transportation bill, which features a shift from discretionary allocation of funds to a formula distribution scheme. In addition, capital funding is increased over the 1991 level, but this is accomplished through eliminating operating assistance for areas with populations of greater than 1 million (a $500,000,000 reduction).

TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT

[In millions of dollars]

	Budget authority			Fiscal year 1992 OMB outlays		
	Fiscal year 1991 enacted	Fiscal year 1992 request	Request versus 1991	Prior balances	New authority	Total
Gramm-Rudman-Hollings mandatory	9,244	8,735	–509	1,187	8,476	9,663
Defense discretionary						
International discretionary						
Domestic discretionary	11,741	10,994	–477	–2,018	13,567	11,549
Total	20,715	19,729	–986	–831	22,044	21,213

NOTE: In all tables, detail may not add to totals due to rounding.

OVERVIEW

The Treasury, Postal Service and General Government Subcommittee is responsible for funding programs and activities of the U.S. Department of the Treasury; the U.S. Postal Service; all of the Executive Office of the President agencies (with the exception of the Office of the U.S. Trade Representative, the Office of Science and Technology Policy, the National Space Council, and the Council on Environmental Quality); the General Services Administration; and certain other independent agencies, commissions, boards, and offices.

At the time of the preparation of this report, the subcommittee has not yet had the opportunity to fully analyze the detailed appropriations justification materials submitted to it in support of the fiscal year 1992 budget proposed by President Bush. In fact, the subcommittee has only just begun its regular hearing process during which it will receive the benefit of explanation and testimony on these funding proposals.

Nonetheless, the subcommittee has made some tentative views and estimates with regard to the total amount of new budget authority and outlays required to sufficiently fund those programs and activities under its jurisdiction for fiscal year 1992. These tentative views and estimates are based on fiscal year 1992 preliminary baseline estimates of the Congressional Budget Office [CBO], as well as CBO's reestimates of President Bush's budget request for fiscal year 1992.

FISCAL YEAR 1992 BUDGET ESTIMATES

For fiscal year 1992, the President proposes a total of $19,802,881,000 in new budget authority for programs and activities under the jurisdiction of the subcommittee. This total request is $1,103,337,000 below the fiscal year 1991 appropriations level and $1,728,790,000 below the fiscal year 1992 Congressional Budget Office [CBO] baseline level. OMB estimates total fiscal year 1992 outlays resulting from the President's requested new budget authority and prior-year spending to be $22,123,400,000. The CBO reestimate of outlays based on the President's budget request and prior-year spending is $561,948,000 below the OMB estimate.

Included in the President's total request of $19,802,881,000 are savings which could be realized only if legislation proposed by the administration for later transmittal is enacted into law. These include the President's proposal to restrict the use of Federal subsidies for the Postal Service's preferred rate mailers and a proposal to change the method of collection of special occupational taxes by the Bureau of Alcohol, Tobacco and Firearms. Until these legislative proposals are enacted into law, appropriations to implement current law will be required for fiscal year 1992.

In addition, the total budget authority requested by the President includes $176,034,000 to maintain funding for fiscal year 1991 IRS resource compliance initiatives which are expected to realize $9,400,000,000 in additional revenues over a 5-year period assumed in the Omnibus Budget Reconciliation Act of 1990. In accordance with section 251 of the Omnibus Budget Reconciliation Act of 1990, if funding to continue these initiatives is provided, the Appropriations Committee's fiscal year 1992 domestic discretionary spending limits are to be adjusted by $172,000,000 in budget authority and $169,000,000 in new outlays plus the prior-year outlays resulting from appropriations of budget authority provided for these initiatives ($8,000,000 in fiscal year 1992). The fiscal year 1992 budget authority adjustment is $4,034,000 short of the appropriation requested for fiscal year 1992, which is the new administration estimate of what is now needed to maintain the fiscal year 1991 IRS resource compliance initiatives.

Reductions proposed in the President's budget.—The President's proposed fiscal year 1992 budget includes a net reduction of $1,103,337,000 from the fiscal year 1991 enacted level. The reduction for domestic discretionary programs totals $496,372,000. Discretionary programs proposed for significant reductions include a decrease of $1,598,589,000 in the appropriation to the General Services Administration's Federal Buildings Fund; a decrease of $15,416,000 for construction of new training facilities for the Federal Law Enforcement Training Center; and a decrease of $30,000,000 for the Office of National Drug Control Policy's assistance to State and local drug control agencies in high-intensity drug trafficking areas.

Of the net $606,965,000 reduction in mandatory spending under the subcommittee's jurisdiction, the President is requesting a decrease of $1,006,028,000 below the fiscal year 1991 level for the Government's payment for annuitants and employees health benefits.

Increases proposed in the President's budget.—Of the increases proposed in the President's budget, approximately $400,000,000 is for mandatory program requirements over which the subcommittee has no effective control. Major increases proposed for domestic discretionary programs include an increase of $624,973,000 for the Internal Revenue Service; an increase of $106,969,000 for the U.S. Customs Service; and an increase of $68,632,000 for the Secret Service. These and other smaller increases are partially offset by proposed reductions in other programs under the subcommittee's jurisdiction. The U.S. Postal Service's request for the revenue foregone payment is $176,709,000 above the fiscal year 1991 level.

IRS proposed increase.—The President's budget request proposes a $624,973,000 increase in funding for the Internal Revenue Service [IRS] in fiscal year 1992. Of this amount, $40,000,000 is proposed for new tax enforcement initiatives expected to generate an additional $34,600,000 in revenues to the U.S. Treasury in fiscal year 1992; $255,503,000 is for information systems development, including tax systems redesign; and approximately $450,400,000 is to fund mandatory and inflationary increases to maintain base personnel and program levels, to accommodate tax processing workload growth, and to continue prior-year revenue compliance initiatives. These increases are offset by approximately $141,100,000 in assumed savings and productivity gains from improved and modernized systems.

Program terminations.—No programs under the subcommittee's jurisdiction are proposed for termination in the administration's fiscal year 1992 budget.

General Services Administration.—During congressional consideration of the 1991 bipartisan budget agreement, an ongoing dialog between CBO, OMB and the subcommittee was established to determine the proper scoring of budget authority and outlays for lease and lease-purchase arrangements. As a result, the conference report accompanying the Omnibus Budget Reconciliation Act of 1990 included a policy statement on the scoring treatment of leases and lease-purchase arrangements. Subsequently, OMB issued Bulletin No. 91–02 which provided detailed policy and procedural guidance to all executive branch agencies for the scoring of leases and lease-purchases for the President's fiscal year 1992 budget. That OMB bulletin notified all agencies that both budget authority and outlays would be scored in the year in which the authority is first made available and in the amount of the Government's estimated legal obligation. For capital leases, the OMB bulletin stated that budget authority would be scored in the year in which the budget authority is first made available. It further stated that budget authority for operating leases without termination clauses would be scored up front. Finally, outlays for both operating and capital leases would be scored over the period of the lease as lease payments are made by the agency.

The General Services Administration's [GSA] Rental of Space Program includes both capital and operating leases. All of its fleet management vehicle leases are considered capital leases. In addition, GSA contracts for local telecommunications are defined by the OMB bulletin as lease purchases.

It was the subcommittee's understanding at the time the new scoring rules for lease and lease-purchase arrangements were agreed to that agencies affected by the new scoring rules would be given the budget authority and outlays required to implement the new rules. This has not occurred. Using GSA as an example, the President's fiscal year 1992 budget is approximately $3,200,000,000 in budget authority and $1,400,000,000 in outlays short of the amount needed to reflect the new scoring policy. The subcommittee is concerned that there may be inconsistent application of the new scoring rules. Unless all lease and lease-purchase arrangements are treated consistently for scoring purposes, the President's budget request may be insufficient to enforce these rules.

Enhancements to the President's budget request.—The President's fiscal year 1992 budget request for many important programs and activities under the subcommittee's jurisdiction is reduced below the fiscal year 1991 appropriation level. Additional funding will be required to maintain the base levels of funding needed for these programs and activities to operate effectively and efficiently. In the past, the subcommittee has provided enhanced levels of funding for the U.S. Customs Service's commercial operations and drug interdiction activities; the Bureau of Alcohol, Tobacco and Firearms' Armed Career Criminal Program; the Federal Law Enforcement Training Center's facilities master plan; as well as other increased enforcement and antidrug efforts. The subcommittee has also placed high priority on providing funding above baseline levels to continue tax systems modernization, a multiyear initiative to bring the Internal Revenue Service's outdated computer systems in line with state-of-the art systems. This is necessary to ensure that the Federal Government's tax collection system functions properly and has adequate capacity to handle the ever-growing workloads in the decade ahead. The Committee expects to maintain enhanced levels of funding for these important activities in fiscal year 1992. The Committee also notes that the Congress has rejected past legislative proposals of the administration to restrict Federal subsidies to reduced-rate mailers and to achieve savings in the Bureau of Alcohol, Tobacco and Firearm's alcohol compliance program. Given this, it is unlikely that the savings resulting from these proposals will be realized.

FISCAL YEAR 1991 SUPPLEMENTALS

The administration at this time has submitted requests totaling $6,934,000 in supplemental funding for programs under the jurisdiction of the subcommittee for fiscal year 1991. These supplemental requests are proposed to fund increased workload requirements of the Bureau of Alcohol, Tobacco and Firearms and the U.S. Secret Service as a result increased terrorism threats associated with the Persian Gulf crisis. These requests have been designated by the President as emergency requirements pursuant to section 251 (b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. The subcommittee is concerned that no official request for supplemental funds has been submitted to cover the increased workload requirements of the U.S. Customs Service. The U.S. Customs Service is a crucial front-line Federal agency in protecting our Nation's air, sea, and land border ports of entry from the illegal importation of contraband. Furthermore, Customs is the lead agency which enforces statutes restricting the flow of munitions and other technologies to Iraq and other high-risk nations.

In addition, the U.S. Postal Service, having concurrent budget submission authority, has requested fiscal year 1991 supplemental funding of $97,276,000 to reimburse the Postal Service for increased revenue foregone requirements as a result of the recent postal rate case. The fiscal year 1991 supplemental request was not officially transmitted in the President's fiscal year 1992 budget.

VA, HUD, AND INDEPENDENT AGENCIES

[In millions of dollars]

	Budget authority			Fiscal year 1992 OMB outlays		
	Fiscal year 1991 enacted	Fiscal year 1992 request	Request versus 1991	Prior balances	New authority	Total
Gramm-Rudman-Hollings mandatory	17,271	16,999	–271	4,540	15,125	19,665
Defense discretionary	335	337	3	124	215	339
International discretionary	....	....	....	....	....	....
Domestic discretionary	60,406	64,797	4,392	34,099	28,176	62,275
Total	78,011	82,134	3,123	38,762	43,517	82,279

NOTE: In all tables, detail may not add to totals due to rounding.

OVERVIEW

The Subcommittee on VA, HUD, and Independent Agencies appropriated just over $60,740,000,000 in discretionary budget authority in its fiscal year 1991 appropriation bill for the 24 Federal departments and agencies within its jurisdiction. Of this amount, approximately $60,410,000,000 was for domestic discretionary spending programs and activities. This amount represents over 32 percent of the domestic discretionary spending within the Federal budget and the Senate Appropriations Committee's jurisdiction in fiscal year 1991.

The subcommittee is responsible for two Cabinet departments: the Department of Veterans Affairs [VA] and the Department of Housing and Urban Development [HUD]. In addition, it has jurisdiction over the Federal agencies which shape the Nation's Federal policies on environment, civilian space, and basic research and development. The President has proposed legislation elevating one of these independent agencies, the Environmental Protection Agency [EPA], to be elevated to Cabinet-level status.

The Federal Departments and agencies within the subcommittee's jurisdiction touch virtually every sector of our Nation. Their scope ranges from a rapidly aging veterans' population in need of increasing levels of medical care, to the most advanced programs in science and technology development which are central to maintaining America's competitive edge in a global economy. In addition, the Department of Veterans Affairs will be responsible for handling the significant needs of our Nation's new veterans, those valiant men and women who have served in Operation Desert Shield/Storm.

The subcommittee also has jurisdiction for several smaller, but still important, Federal agencies. Among these are: the American Battle Monuments Commission; the Consumer Product Safety Commission; the Court of Veterans Appeal; Arlington Cemetery; the Council on Environmental Quality; the Commission on National and Community Service; the Points of Light Initiative Foundation; the National Space Council; the Office of Science and Technology Policy; the Consumer Information Center; the Office of Consumer Affairs; the Interagency Council on the Homeless; the National Credit Union Administration; the National Institute of Building Sciences; the Neighborhood Reinvestment Corporation; and the Selective Service System.

Finally, the subcommittee has jurisdiction over aspects of the Nation's savings and loan industry, including the Federal Deposit Insurance Corporation's FSLIC Resolution Fund, and the Office of Inspector General for the Resolution Trust Corporation.

The President has proposed an increase of nearly $4,400,000,000 in discretionary spending for the fiscal year 1992 VA-HUD-Independent Agencies Appropriations Act, for a total discretionary appropriation of just over $65,100,000,000. Of this amount, roughly $64,800,000,000 would be for domestic discretionary programs and activities.

NEW INITIATIVES IN FISCAL YEAR 1992

The subcommittee's fiscal year 1992 needs are affected by a number of new pieces of legislation that were authorized in the 101st Congress but did not receive significant funding due to their enactment after passage of the fiscal year 1991 VA-HUD-Independent Agencies Appropriations Act.

NATIONAL AFFORDABLE HOUSING ACT

The 101st Congress passed a major housing authorization bill, the National Affordable Housing Act, which adds significant new responsibilities and programs to the Department of Housing and Urban Development. This legislation authorized 12 new programs for fiscal year 1992, at a level of $4,900,000,000 above the enacted fiscal year 1991 appropriations act.

CLEAN AIR ACT AMENDMENTS

The 101st Congress also passed an extensive piece of legislation amending the Clean Air Act. While the President's budget includes an increase of $117,000,000 or 29 percent for the Environmental Protection Agency's Air Program, the amount requested will fall short of what is needed to fully implement the new mandates. An additional $100,000,000 would allow EPA to comply with the new requirements.

MAJOR AGENCIES AND THE 1992 BUDGET

Department of Veterans Affairs

The administration is requesting a total of $32,304,168,000 for the Department of Veterans Affairs, the Federal department responsible for providing benefits and services for the Nation's 27,000,000 veterans. The administration's fiscal year 1992 request represents an increase of $727,448,000 or 2.3 percent, over the current budget (assuming the inclusion of the 1991 supplemental budget request of $303,084,000 for compensation payments). Excluding mandatory benefit programs, the budget requested represents an increase of 6 percent.

The budget would provide $17,127,681,000 for mandatory benefit programs, an increase of 1 percent above the current year. The requested budget includes funds for the recently enacted 5.4 percent cost-of-living adjustment for compensation recipients in 1991, and also provides for the anticipated 5.2 percent cost-of-living adjustment for pension recipients effective December 1, 1991.

The budget proposes $13,554,000,000 for medical programs, an increase of $975,667,000, or 8 percent, over the current budget. The budget requested for medical care is $13,287,096,000, an increase of $976,606,000 over fiscal year 1991, enabling VA to hire 1,519 new medical personnel, and allowing VA to provide 23,571,000 outpatient visits and 1,150,890 inpatient visits. Of the requested $976,606,000 medical care increase, $581,003,000 (40 percent) is for increased payroll costs for existing personnel.

Construction programs would total $654,237,000 in the administration's budget, a decrease of 11 percent below the current budget. While the requested budget for major construction projects represents a decrease of $130,000,000 for a total of $450,000,000, the minor construction budget increases by 50 percent to $195,701,000 and includes $19,000,000 for nursing home improvements. Among the most significant major construction projects are replacement and modernization projects at North Chicago, IL and Palo Alto, CA.

The budget includes $85,000,000, an increase of $15,000,000 or 21 percent, for VA's grant program for construction of State veterans nursing homes. This program provides a cost-effective means of providing nursing home care for veterans.

The budget proposes $847,204,000 for general operating expenses, a decrease of 6 percent below the current budget. The decrease is offset by administrative expenses totaling $137,881,000 in entitlement appropriations, including $128,170,000 in the loan-guaranty-housing appropriations and $9,711,000 in the compensation and pension appropriation. This action is a result of the Credit Reform Act of 1990.

Department of Housing and Urban Development

The administration has proposed a budget of $24,530,166,000 for the Department of Housing and Urban Development [HUD], an increase of $1,370,000,000.

The administration's assisted housing request, excluding section 8 renewals, is $9,065,790,000, a decline of just over $450,000,000 from 1991. Included in the President's request is $947,000,000 for the new Low-Income Resident Economic Empowerment Program, which is an amalgamation of existing programs and certain selected portions of the administration's HOPE proposal. The budget would provide $2,226,967,000 for public housing modernization, a decrease of $234,005,000 below the fiscal year 1991 level. The modernization request includes $25,000,000 for public housing lead-based paint abatement activities, a small contribution to an activity that will ultimately cost billions of dollars.

The administration's section 8 contract renewals request is $7,024,589,000. The Committee believes this amount of funds should be adequate if HUD's data estimates for this activity prove to be accurate. In recent years, however, the Committee has discovered that the Departments's data base for calculating annual renewal estimates is highly suspect. Should the fiscal year 1992 estimates prove inaccurate once again, the Committee will be forced to find offsets to cover the cost of any increased section 8 renewal estimates.

The request for public housing operating subsidy is $2,155,844,000, only $55,000,000 above the fiscal year 1991 levels. Higher than anticipated energy costs, as well as flaws in the technical assumptions which the Department uses in its calculations for projecting the operation subsidy needs, such as the rate of growth in public housing tenant income, will probably mean that an additional $200,000,000 will be needed for this program.

The administration has proposed $865,400,000 for the new HOPE Grants Program, and $1,000,000,000 for the new HOME Investment Partnerships Program. The HOPE grant proposal includes $380,000,000 for public and Indian housing homeownership; $280,000,000 for multifamily homeownership; $195,000,000 for single family homeownership; and $10,400,000 for elderly independence services. The Committee believes that both of these new initiatives should be given serious consideration in fiscal year 1992.

Finally, the administration is requesting over $700,000,000 for preservation activities connected with projects built under the 221(d)(3) and 236 below-market-interest-rate [BMIR] programs. The National Affordable Housing Act provides a framework within which these units can be preserved for low-income use, and the Committee believes that funds for this purpose should be among its highest priorities in fiscal year 1992.

The budget would fund drug elimination grants at $165,000,000 in fiscal year 1992, an increase of $15,000,000 over fiscal year 1991.

The administration proposes homeless assistance funding for the Department of Housing and Urban Development of $535,733,000 in fiscal year 1992. Included in this is $257,733,000 for the new Shelter Plus Care Program which is part of the HOPE initiative.

Last year the Congress provided $3,200,000,000 for the Community Development Block Grant [CDBG] Program. This year the administration is requesting $2,920,000,000 for the program, a reduction of $280,000,000 or 8.75 percent below last year's level.

The administration is requesting $152,800,000 for 1,000 new construction units for the elderly and another 1,000 units for the handicapped. This new capital grants program is in lieu of the section 202 loan program. A total of $656,824,000 was appropriated for elderly and handicapped housing in the current year.

The administration proposes no funding in fiscal year 1992 for the congregate services and Nehemiah housing opportunity grant programs.

National Aeronautics and Space Administration

It is the Committee's view that funding to maintain a vigorous and effective National civilian space program requires a fiscal year 1992 appropriation of not less than $15,754,000,000. This is the level proposed in the budget request of the administration.

Although the Committee's estimate of NASA requirements represent a 13.6-percent increase in new budget authority over the levels provided in fiscal year 1991, these requirements are almost all directly associated with ongoing programs and projects such as the space station *Freedom,* the Earth observing system, and the space shuttle. Termination or significant curtailment of these efforts will result in the loss of substantial prior year investment, dissolution of key scientific and engineering teams, probable increases in total program costs, and crippling efforts to maintain international leadership for decades to come.

In December, the Advisory Committee on the Future of the U.S. Space Program issued its comprehensive report of recommendations and observations. The Committee notes that this highly regarded report is fully reflected in the program proposed in the President's budget request for NASA. Perhaps most significantly, the President's request constrains the rate of increase in funding for that agency by restructuring and moderating the funding profile for the space station *Freedom,* as well as providing less funding for other ongoing projects than what was anticipated and estimated in previous years. Unless NASA is provided appropriations closely matching the requested funding level, we must be prepared to cancel a number of research and development projects since further budget cuts can only be achieved through the elimination of critical spacecraft capabilities and components.

The Committee notes that the administration is finalizing its detailed recommendations for restructuring the space station *Freedom* program in accordance with the recommendations of the Congress and the advisory committee report. Similarly, NASA and the Department of Defense are jointly studying heavy-lift space launch vehicle concepts which reduce our heavy reliance on the current orbiter fleet for access to space and to expand our Nation's overall launch capacity. These are goals which the Committee has long advocated and views as critical to the pursuit of a vigorous space program into the next century.

National Science Foundation

For the National Science Foundation, the Committee believes that the President's full budget request of $2,722,000,000 for fiscal year 1992 should be appropriated. This is a 17.5-percent increase over the level provided for the current budget. This agency is the central focus for basic science and engineering research in the United States and is crucial to advancing the Nation's competitive position relative to the aggressive and concerted programs of our global trading partners.

In addition to the conduct of research, NSF also serves as the lead Federal agency in the development and promotion of exemplary science and mathematics educational material and curricula. This effort seeks to redress the alarming erosion in the performance of American students in these subjects which serve as the basis for understanding and working with the advanced technology which underpins our economic future.

It is the Committee's view that the relatively small sums invested in maintaining the Nation's science and technology base must be significantly expanded in a multiyear plan as has been proposed by the administration. Although all Federal activities are facing unprecedented budgetary constraints, it is even more critical that we now make these investments for our Nation's economic future. Educational programs and long-term basic research, by their nature, do not yield immediate returns. It is clear, however, that failure to adequately support such activities will leave our Nation, in the decades to come, bereft of the talent and technology needed to sustain our economic position in a highly competitive global environment.

The Committee is pleased that the administration's budget submission for fiscal year 1992 includes a 21-percent increase for the NSF science and engineering education program as well as a $50,000,000 request for initiation of a new academic research instrumentation program, a critical constraint on improvement of research and education activities in our colleges and universities. The Committee is concerned, however, with the proposed termination of the research facilities modernization program initiated by the Congress in fiscal year 1990 which continues to represent a serious constraining factor in these institutions.

Environmental Protection Agency

The administration is proposing a budget of $6,211,700,000 for the Environmental Protection Agency, an increase of less than 2 percent above fiscal year 1991.

The administration's proposal increases funding for the Environmental Protection Agency's operating programs by 7 percent over the current budget. Of the proposed increases, about one-half, $117,000,000, would go to implementing the Clean Air Act amendments. While the administration has requested a significant increase for the air program, the Committee understands that an additional $100,000,000 would enable the agency to meet the requirements of the new law.

Once again the administration is not proposing to fund the Asbestos Loans and Grants Program. A total of $51,500,000 was appropriated for fiscal year 1991. The Committee notes that the program was recently reauthorized for an annual appropriation of $200,000,000, and that cost estimates are $3,000,000,000 to $6,000,000,000 to abate exposure to asbestos in schools nationwide.

The administration's budget provides $51,637,700 for global change activities, an increase of $10,078,400 or 24 percent over fiscal year 1991. This includes $23,143,200 for EPA's portion of the U.S. Global Climate Change Research Program coordinated by the Committee on Environmental Earth Sciences.

The administration's budget provides only $25,000,000 for nonpoint source control grants, compared to $51,000,000 in the current fiscal year.

The administration's budget includes $1,900,000,000 for sewage treatment construction grants. Of this, only $1,483,500,000 is requested for the State revolving loan fund program, a decrease of $563,000,000 below the current year's budget. The Committee notes that the State revolving loan fund program is scheduled to expire in fiscal year 1994, and that there is still an enormous need for Federal assistance for sewage treatment construction. An EPA survey found that more than $80,000,000,000 would be required nationwide to meet the requirements of the Clean Water Act.

Also included within the sewage treatment construction grant appropriation request is $400,000,000 in special projects. These include $100,000,000 for a plant to treat sewage from Tijuana, Mexico; $100,000,000 for Boston Harbor; $70,000,000 for New York; $55,000,000 for Los Angeles; $40,000,000 for San Diego; and $35,000,000 for Seattle.

The Superfund Program would be funded at $1,750,000,000, up $133,772,000 or 9 percent above the current budget. The agency's proposed budget would dedicate $896,000,000 to direct site clean ups, an increase of $143,000,000 or 19 percent over 1991.

The administration proposes $85,000,000 for the Leaking Underground Storage Tank Program. This represents an increase of $20,000,000 or 31 percent. Of the total, $75,200,000 will support State cooperative agreements.

Federal Emergency Management Agency

The administration is proposing a total of $733,084,000 for the Federal Emergency Management Agency, an increase of $170,109,000 from the previous year. The increase is caused for the most part by a request of $185,000,000 for disaster relief. No funds were provided for disaster relief in fiscal year 1991, due to a large carryover of prior year funds. FEMA also proposes a reduction of $34,000,000 for its Emergency Food and Shelter Program. FEMA requests an increase of $14,316,000, or 4.1 percent, for its operating accounts.

The Committee is concerned with the proposal for the Emergency Food and Shelter Program being reduced by $34,000,000 from the previous year, and by $50,000,000 from the fiscal year 1992 authorized level. This program has been widely commended for the rapid distribution of the funds for use by the homeless and other needy, and it also meets needs not covered by other McKinney Act programs.

The Committee also notes that the $185,000,000 requested for disaster relief, plus an anticipated $50,000,000 in recoveries of prior years' funds, is $35,000,000 short of the $270,000,000 cited as the amount needed for a historically typical year.

The Committee provided $5,125,000 in fiscal year 1991 for SARA Title III training, but the administration proposes not funding the program in fiscal year 1992. While the funding level sought for the National Earthquake Program is up $2,636,000 from 1991, it remains $1,444,000 below the 1992 authorized level.

FSLIC RESOLUTION FUND

The administration seeks a current indefinite appropriation for fiscal year 1992, with estimated fund needs of $3,419,000,000; down $18,581,000,000 from the previous year.

The Committee is concerned that the requirements for this activity have consistently been underestimated. The administration estimated fiscal year 1990 needs at $1,800,000,000, but after receiving an indefinite appropriation, ultimately used $4,962,000,000.

For fiscal year 1991, the administration estimated a need for $2,915,744,000; by the time the Senate appropriations bill was voted on, the estimate had risen to $4,398,000,000. A subsequent request, prior to conference, raised the total to $22,000,000,000.

Accordingly, the Committee intends to review the request closely, both in terms of the amount and the merits of an indefinite appropriation.

NATIONAL SERVICE PROGRAMS

The President's budget proposes a 50-percent increase in 1992 for the points of light initiative, from $5,000,000 to $7,500,000. While the Committee notes the potential value of this program, it is concerned by the proposed termination of funds for all activities connected with the Commission on National and Community Service. The Committee provided $57,000,000 for this purpose in fiscal year 1991. The Committee strongly believes that additional funding for this effort, at a rate as close as possible to the authorized level of $97,000,000, should be provided in fiscal year 1992. This will enable the Commission to increase support for community service and school-based volunteer programs as anticipated through the enactment of the National and Community Service Act of 1990

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United States Senate
COMMITTEE ON ARMED SERVICES
WASHINGTON, DC 20510-6050

March 11, 1991

Honorable Jim Sasser
Chairman
Honorable Pete V. Domenici
Ranking Minority Member
Committee on the Budget
United States Senate
Washington, D.C. 20510

Dear Jim and Pete:

In accordance with the provisions of Section 301(d) of the Congressional Budget Act, we are forwarding the recommendation of the Committee on Armed Services for the National Defense function for FY1992 and FY1993.

As you know, President Bush has requested $290.8 billion in budget authority and $295.2 billion in outlays for the National Defense function for FY1992. For FY1993 the President is requesting $290.9 billion in budget authority and $292.0 billion in outlays. These figures conform to last year's budget summit agreement, as enacted in the Budget Enforcement Act of 1990.

The Armed Services Committee supports the overall level of spending agreed to by the President and the Congress in the budget summit for National Defense for FY1992 and FY1993. As you know, our committee took the lead in setting out the path defense spending should follow from FY1991-1995. We were pleased that our recommendations were adopted as part of the budget summit agreement, and we continue to believe these are the appropriate levels for defense spending in the current situation.

The Armed Services Committee intends to report out a complete two-year defense authorization bill for fiscal years 1992 and 1993 that conforms to the budget summit agreement. In the past, the absence of an agreement on the overall federal budget has made it impossible to have an agreed topline for defense spending for two years. Now that there is such an agreement, the Committee believes the Congress should seize this opportunity to enact a biennial defense budget.

It is our hope that the Budget Committee will support our attempt to complete a biennial Budget Resolution, authorization, and appropriation for defense for FY1992-93. We believe that Congress will find that a more efficient and effective defense, as well as more effective oversight, will result from putting defense on a predictable path of stable defense toplines with biennial budgets.

Supplemental for Desert Shield/Desert Storm

As you know, the Committee recently reported a supplemental authorization for FY1991 for Operation Desert Storm. As provided in the budget agreement, the requirements of Desert Shield and Desert Storm are funded outside the defense cap in the agreement.

Based on information available to date, it appears that allied contributions will cover most of the incremental costs of Desert Shield and Desert Storm. The Committee has included in our supplemental authorization bill additional benefits for our military personnel. We believe that these benefits should also be considered costs of Desert Shield. The total cost of these benefits is approximately $200 million in FY1991, which is less than one percent of total costs of conflict to date.

In general, these are temporary benefits applicable only during the deployment to the Persian Gulf. Costs beyond FY1991, if any, would come out of the total for defense previously adopted in the budget agreement.

Personnel costs are one key exception. Higher personnel end strengths for the military services in FY1991 as a result of Operation Desert Shield means that personnel strengths will also be higher than anticipated in the FY1992 budget request. As required by the budget agreement, the budget request does not make any allowances for Desert Shield. In reality, however, while personnel strengths will resume the downward path agreed to last year, it will be from a higher starting point. We believe that these additional FY1992 costs should be considered incremental costs of Desert Shield.

For FY1992, the Committee has no plans at this time for any further direct spending provisions that would be subject to a PAYGO sequester. Given the difficulty in identifying in advance which changes in personnel benefits will be considered mandatory, the Committee believes that any future changes in military personnel benefits that may be scored as direct spending should be counted against the defense cap and would support a change to the Budget Enforcement Act if necessary to differentiate between defense and non-defense direct spending.

We look forward to working with you on the Budget Resolution in the weeks ahead.

Sincerely,

John

John Warner
Ranking Minority Member

Sam Nunn
Chairman

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United States Senate
COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS
WASHINGTON, DC 20510-6075

March 13, 1991

The Honorable Jim Sasser
Chairman
Committee on the Budget
United States Senate
Washington, D.C. 20510

The Honorable Pete V. Domenici
Ranking Minority Member
Committee on the Budget
United States Senate
Washington, D.C. 20510

Dear Jim and Pete:

This letter transmits the views and estimates of the Committee on Banking, Housing, and Urban Affairs regarding the funding of programs in our jurisdiction, as required by section 301 of the Congressional Budget Act of 1974.

Members of the Committee are deeply concerned by the continuing size of the Federal deficit and intend to apply rigorous tests of program effectiveness and efficiency to programs during the authorization process.

Deposit Insurance

The Committee's principal legislative goal in this session is the reform of our deposit insurance system, including possible structural changes in the financial services industry. Several Senators have introduced bills, and the Administration has outlined a broad proposal. Among the specific measures being considered are some provisions that would restrict the scope of deposit insurance, and others that would reduce the cost of existing coverage by, among other things, improving supervision, speeding intervention, and charging higher fees for relatively riskier institutions. We believe that such legislation could provide substantial savings over time and that a large portion of these savings should be scored as credits under the new pay-as-you-go system.

Expenses under existing insurance coverage for thrifts will continue to be enormous during the next 2 to 3 fiscal years, assuming that needed funding legislation for the RTC can be enacted. Much of the funds used during these years will continue to be for working capital, and eventually proceeds from the sale of former thrifts' assets will exceed new spending. Losses in the Bank Insurance Fund, while much smaller, have been growing. It appears likely that legislation will be necessary to ensure that adequate funds are available to resolve insolvent banks in FY 1992, and the Committee will act accordingly.

Mass Transit

This year, the Committee will reauthorize the Urban Mass Transportation Act which authorizes federal grants for the development, rehabilitation and operation of mass transit systems. Under this Act, funding levels are set for federal contributions to new starts of transit systems, rail modernization, bus systems, and programs for rural areas and elderly and disabled persons. A major challenge in this year's reauthorization will be to address the additional requirements placed on transit systems by the Americans with Disabilities Act and the Clean Air Act of 1990.

The Administration has submitted its five-year funding proposal of $16.72 billion for mass transit programs, a total of $1.59 billion below the CBO current services baseline for those years. Under the President's proposal, funding in FY 1992 would be $3.33 billion, slightly lower than the CBO baseline of $3.39 billion.

The Administration's funding plan would rely principally on revenues from the mass transit account of the Highway Trust Fund rather than allocating some funds out of the mass transit account and the remainder from general revenues, as is the current practice. According to Administration projections, this plan would deplete the transit account within several years. In its deliberations on UMTA reauthorization, the Committee will establish a five-year funding program for mass transit and further evaluate the appropriate mix of federal resources from general revenues and the mass transit account.

While domestic discretionary spending will be tightly constrained under last year's budget agreement, the Committee intends to consider whether an increased federal investment in mass transit is warranted. One concern is that if mass transit funding had kept pace with inflation since 1981, the federal investment in transit would equal $6.5 billion this year. The Committee will also consider whether the recently enacted gas tax increase and the interest accruing in the mass transit account justify an increased federal investment to meet pressing transit needs. Therefore, the Committee will seek to strike an appropriate balance between budget restraint and the demand for additional mass transit resources, and compliance with the Americans with Disabilities Act and the Clean Air Act.

Housing and Community Development Programs

In 1991, Congress enacted the National Affordable Housing Act, authorizing funding for federal housing programs in FY 1991 and FY 1992. The Act authorized a substantial $4.6 billion increase in funding over the CBO current services baseline of $25.8 billion for FY 1992. The legislation was passed in the Committee by a vote of 16-4 and received near-unanimous support on the Senate floor. The Administration proposes FY 1992 funding of $25.6 billion for housing programs, $200 million below the CBO current services baseline.

The Act authorized modest increases over current services levels for most existing programs as well as funding for two major initiatives. The HOME program will build on innovative partnerships among state and local government, non-profit organizations and the private sector to expand the supply of affordable housing. Secretary Kemp's HOPE program will assist low-income public housing tenants to become homeowners. The Administration proposal provides funding for the newly authorized programs through reductions in existing programs.

SEC

The Committee anticipates reporting an authorization for SEC spending in amounts similar to those in the President's Budget proposal. Throughout the 1980s, SEC budgets did not keep pace with the extraordinary growth in the volume, complexity, and globalization of securities activity. Though spending authority has risen in the past 2 years, staff size remains low and salaries for professional employees are not competitive with the private sector or with other financial regulators.

International Monetary Fund

The Administration has requested an authorization of $12.158 billion for the U.S. contribution to a quota increase for the International Monetary Fund. The Committee expects to review the request this year. Under Rule XXV of the Senate, the Banking Committee has the right of referral of any proposed legislation relating to such an authorization that may originate in the Foreign Relations Committee. The Committee understands that the authorization request was anticipated in last year's budget agreement and is not expected to result in any net budget outlays.

Commerce Department Export Programs

The Administration has requested an authorization of $42.222 million for the Bureau of Export Administration of the Commerce Department for FY 1992. The Administration has also requested an authorization of $170.911 million for the export promotion programs of the Commerce Department for FY 1992. The Committee strongly supports both of these programs and intends to provide authorizations in amounts similar to the Administration's requested levels this year.

Export-Import Bank

The Administration has requested an authorization of $115 million for the Tied Aid Credit Fund of the Export Import Bank for FY 1992. The Committee expects to review that request this year.

We trust that this information is helpful to the Budget Committee as it prepares the Concurrent Resolution on the Budget for Fiscal Year 1992. We look forward to working with you to address these concerns.

Sincerely,

Jake
Jake Garn
Ranking Minority Member

Don Riegle
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Chairman

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United States Senate
COMMITTEE ON COMMERCE, SCIENCE,
AND TRANSPORTATION
WASHINGTON, DC 20510-6125

April 5, 1991

The Honorable James Sasser
Chairman
The Honorable Pete V. Domenici
Ranking Republican
U.S. Senate Committee on the Budget
Washington, D.C. 20510

Dear Jim and Pete:

This letter is in response to your request for the Committee on Commerce, Science and Transportation to submit its views and estimates report.

The Committee will address several areas of ongoing concern during the 102nd Congress. The fiscal year (FY) 1992 budget for agencies handling these issues will be scrutinized carefully to ensure adequate resources for implementing Committee initiatives and policies. The following is a discussion of major issues of interest.

Aviation

The Committee will continue its oversight of aviation industry safety and development. We believe that continued and expanded funding of the Federal Aviation Administration (FAA) programs is critical. In particular, programs designed to enhance aviation safety and airport capacity must receive adequate and timely funding.

We believe the President's requested funding increase of 10.4 percent for FAA Operations and Maintenance in FY 1992 is the minimum necessary to ensure staffing capable of safely handling projected increases in aircraft operations. The President's request provides for the addition of 450 air traffic controllers (to a FY 1992 total of 17,945), 136 aviation safety and support staff, 178 civil aviation security personnel, and 260 field maintenance technicians.

With respect to FAA Facilities and Equipment, at a minimum, the 28.9 percent funding increase recommended by the President is needed to fund planned equipment procurement and its installation in the air traffic control system. The Committee authorized a larger increase in the Omnibus Reconciliation Act of 1990 and strongly believes that this program should be fully funded. FY 1992 funding increases, which are consistent with the President's request, are needed to continue the multi-year Capital Investment Plan, formerly called the National Airspace System Plan, and other projects critical to the FAA's effort to handle safely projected increases in air traffic. Examples of projects to be funded in FY 1992 include the Advanced Automation System, which will upgrade the air traffic control system's computer technology; the Voice Switching and Control System, designed to modernize the system's communications network; and the terminal Doppler weather radar, which will improve hazardous weather detection in terminal areas. Installation of airport surface detection radar also is critically needed.

We believe that outlay levels for the Airport Improvement Program (AIP) should be significantly increased over FY 1991 levels. To ensure the timely expansion of airport capacity, AIP funding levels must be increased. Last year, Congress authorized the use of the passenger facility charge (PFC) as a means of funding a portion of the expansion needs of our airports. We recommend that the obligation ceiling on the AIP program, the outlays of which are scored to the Appropriations Committee, be set at a level that equals the authorization levels established in the Omnibus Budget Reconciliation Act of 1990, and specifically $1.9 billion in FY 1992 -- the amount included in the CBO baseline for AIP budget authority, which has been properly scored to the Commerce Committee.

The Committee is committed to increased funding for aviation capital development programs funded from the Airport and Airway Trust Fund. However, in recent years, appropriations for these programs have fallen far below authorized levels, resulting in a Trust Fund surplus that now exceeds $7.4 billion, and which is expected to increase in future years, particularly since aviation excise taxes were increased under the Omnibus Budget Reconciliation Act of 1990. The Committee believes that this surplus must be spent down and for the purposes for which it was intended: aviation safety and capital development programs.

Communications

The Committee will continue its oversight of the communications industry, the Federal Communications Commission (FCC), the Corporation for Public Broadcasting (CPB), and the National Telecommunications and Information Administration (NTIA). Concerning the FCC, we generally support the President's budget proposal of $133,429,000 for FY 1992. Of this total, the President proposes that $65 million would be raised in new fees to be collected from the communications industry. The Committee will examine the fee proposal closely.

The President's budget also proposes to raise $800 million in FY 1994, $1.2 billion in FY 1995 and $500 million in FY 1996 through auctions of portions of the radiofrequency spectrum. This proposal continues to evoke considerable debate.

The Committee supports the President's proposed NTIA budget of $18.719 million for FY 1992. However, the President has proposed no funds for the Public Telecommunications Facilities Program (PTFP) for FY 1992. The Committee will consider authorizing funding for the PTFP for FY 1992, 1993 and 1994, given the program's important role of ensuring the continuation and improvement of this nation's public broadcasting stations and other educational and non-profit telecommunications services.

In addition, the President's budget does not include any funding for the Pan-Pacific Educational and Cultural Experiments by Satellite (PEACESAT) program or for the creation of and studies by the advisory panel on rural health and telecommunications needs, both of which are administered by the NTIA. The Committee will consider authorizing funds for both of these programs in FY 1992 and future years.

The authorization and appropriation for the CPB is enacted two years in advance. The CPB is due to be reauthorized in FY 1992. For FY 1994, the President's budget proposes $260 million for general programming and system support. The Committee is aware that the CPB has requested that $279 million be appropriated for the public broadcasting fund and that an additional $76 million be appropriated for FY 1994 to fund the creation of a new Public Telecommunications-For-Education Fund. The Committee will study these requests.

Coast Guard

During the past several years, a great deal of attention has focused on the Coast Guard's activities around the Nation. From the EXXON VALDEZ oil spill in Alaska to Operation Desert Storm, the Coast Guard has been called upon to respond to a number of crises. Its demonstrated ability to respond to these tasks only strengthens the Committee's belief that it is vital for the Coast Guard to receive sufficient resources to prepare it for the future.

With respect to the Coast Guard's Operating Expenses (OE) account, the Administration has proposed $2.539 billion in spending authority compared to the CBO baseline of $2.407 billion. This OE budget emphasizes funding for the Coast Guard's marine environmental protection and drug law enforcement efforts, while maintaining the Coast Guard's strong commitment to maritime safety, fishery law enforcement, and search and rescue. To fund the Coast Guard's operating expenses, $35 million can be transferred from the Boat Safety account to the OE account. Accordingly, we recommend new budget authority of $2.504 billion in FY 1992, $35 million less than the President's request.

Several other Coast Guard programs have small, but significant, changes in their funding requirements from the FY 1991 level. These include the Environmental Compliance and Restoration account, the Research, Development, Test, and Evaluation account, and the Alteration of Bridges account.

The President has proposed funding the Coast Guard's Environmental Compliance and Restoration account at $25 million for FY 1992. These funds will be used to identify and clean up contamination from hazardous substances at Coast Guard facilities around the nation. The CBO baseline for this account is $22 million. The Committee supports the Administration's request and recommends new budget authority of $25 million.

Funding for the Coast Guard's Research, Development, Test, and Evaluation account (RDT&E) has been proposed at $29 million by the President. These monies are used for a variety of research efforts such as improving the Coast Guard's ability to prevent as well as to respond to oil spills. The CBO baseline for this account is $26 million. The Committee supports funding the RDT&E account at the Administration's requested level of $29 million.

Under the Coast Guard's Alteration of Bridges account, the Administration has requested $10 million for FY 1992 to continue the bridge work in progress. The CBO baseline is $4 million. The Committee supports the President's budget request, and thus, we recommend new budget authority of $10 million.

For FY 1993-1996, the Committee estimates that an annual 6 percent increase to cover inflation would be required for each of these accounts.

Oceans and Atmosphere

The Committee is committed to the advancement of the atmospheric, oceanic, and fisheries programs of the National Oceanic and Atmospheric Administration's (NOAA). Thus, we were, in general, pleased with the Administration's proposed budget increases for NOAA in FY 1992. For NOAA's Operations, Research, and Facilities (ORF) account, the Administration has requested new budget authority of $1.584 billion in FY 1992. This would require an increase of $148 million over the FY 1991 appropriations for NOAA. However, while the budget request includes funding for several important initiatives, it proposes funding cuts in a number of existing programs that this Committee has strongly supported in the past, and does not accommodate several Congressional priorities anticipated for FY 1992.

We support continuation of NOAA's current services which CBO estimates will require an ORF level of $1.433 billion. In addition, we believe a number of the Administration's proposed increases are appropriate and needed.

For example, we must maintain our current weather forecasting capability and continue our efforts to modernize outmoded weather service technology and equipment. This modernization is essential for improving the National Weather Service's ability to predict severe weather and to produce life-saving and damage-reducing warnings. The Administration indicates that it will require an increase of $57 million over funds appropriated in FY 1992 to maintain our current weather stations and advance modernization.

We also believe that it is important to maintain the procurement schedules for our environmental satellites (GOES, POES, and Landsat), to undertake contingency planning for a possible gap in GOES system coverage, and to fund adequately satellite ground support systems. For FY 1992, these activities will require an increase of $154 million over last year's appropriated level. However, since funding of the Landsat-6 commercialization contract was completed in FY 1991, the increase required for NOAA's satellite activities can be reduced by $35 million, for a net increase of $119 million required in FY 1992.

The Administration continues to make new NOAA "cross-cutting" programs, such as climate and global change and coastal ocean science, a high-priority. In addition, an environmental data management program has been added to these priorities in FY 1992. These efforts build upon ongoing NOAA programs in oceanic and atmospheric monitoring and information management. For FY 1992, the Administration has requested increases of $44 million for these efforts.

Finally, the Committee anticipates funding increases required for NOAA to carry out significant new responsibilities associated with new legislation. These include the reauthorization of the Coastal Zone Management Act enacted last year as part of the Omnibus Budget Reconciliation Act of 1990, which requires new efforts to manage the Nation's coastal resources and to address coastal water quality issues; the Fishery Conservation Amendments enacted last year (the so-called Magnuson Act amendments, P.L. 101-627), which establishes new research and management requirements for the Nation's fisheries resources; and seafood safety legislation that could be considered this Congress, which would require enhanced efforts by NOAA to ensure the protection of public health and the safety of fish products. The Committee estimates that these Congressionally-mandated responsibilities will require an increase of $30 million.

Thus, NOAA will require a funding increase of $250 million over the CBO baseline of $1.433 billion to meet these obligations and to continue present programs at the existing level of effort. This would mean new budget authority of $1.683 billion for the ORF account in FY 1992. The Committee estimates that a 6 percent increase over this new baseline would be required in each fiscal year beyond FY 1992 to support program responsibilities associated with NOAA's ORF account.

Merchant Marine

The Maritime Administration (MarAd) has made a FY 1992 budget request of $570.2 million. This represents a $12.3 million increase over MarAd's FY 1991 request of $557.9 million, of which it was appropriated $556.3 million.

The largest increase in MarAd's request is that for fleet additions within the Ready Reserve Force (RRF). An amount of $104 million is requested for FY 1992 RRF Fleet Additions, an increase of $54.6 million over the request of $49.4 million for FY 1991. MarAd's total budget request of $225 million for the RRF in FY 1992 is, however, equal to its total budget request for the RRF in FY 1991. The FY 1992 request for Fleet Additions is estimated to be sufficient funding for the addition of seven ships to the RRF. This is in accordance with MarAd's goal to have 111 ships in the RRF by 1992, and complies with the Department of Defense's goal to have 142 in the RRF by 1994.

The significant decrease in the FY 1992 request for RRF Maintenance and Operations is based on an unusually high budget request for this program in FY 1991 due to deferred maintenance program funding. MarAd's FY 1992 request includes $117 million for ship Maintenance and Operations, a decrease of $54.6 million from their request of $171.6 million for the same program in FY 1991.

The RRF was activated for the first time since its establishment in 1976, in response to OPERATION DESERT SHIELD/DESERT STORM. Because some problems were encountered in the deployment, improvements in the RRF may be needed in the future.

The Committee believes that MarAd's activities are essential to the maintenance of a strong U.S. Merchant Marine and the national defense of the U.S., particularly as it pertains to the RRF. Accordingly, we endorse the President's requested increases in the FY 1992 budget.

Space, Science, and Technology Competitiveness

There is strong bipartisan Committee interest in competitiveness issues. As the Nation battles a continuing trade deficit and faces growing challenges to its technological leadership, Congress must strengthen America's traditionally competitive industries and encourage high-tech research and commercial application of that research in new industries.

1. National Aeronautics and Space Administration (NASA)

The President has requested a FY 1992 budget of $15.754 billion for NASA. This represents an increase of nearly $1.9 billion in budget authority over the amount appropriated for FY 1991, or 13.6 percent above current year levels.

The increased funding for NASA has been requested to support a variety of space and aeronautical research and development programs, the construction and maintenance of critical aerospace facilities, and a civil service workforce that in FY 1992 will approach 25,000. Programs for which funds have been requested include the development of some 35 space science missions scheduled to be launched over the next five years; continued development of the restructured Space Station Freedom; the safe operation of the fleet of Space Shuttles and initial development of new launch technologies; investment in aeronautical research, including technologies related to the National Aerospace Plane; increased opportunities for commercial space activities; and a sustained commitment to educational programs aimed at attracting students to the areas of science, mathematics, and engineering.

The Committee generally supports the programs included in the President's FY 1992 budget request for NASA and continued funding of these important initiatives. In establishing funding priorities for FY 1992, the Committee particularly wishes to highlight the importance of two interagency programs in which NASA is involved: the Mission to Planet Earth, NASA's primary contribution to the U.S. Global Change

Research Program, and the High Performance Computing and Communications Initiative.

The Committee believes that NASA's activities are essential to our technological leadership in space and the competitive position of the domestic aerospace industry. The aerospace trade surplus in 1989 reached a record $22.1 billion, continuing to serve as a significant offset to the overall trade deficit experienced by the United States. Nearly 80 percent of that amount was civil products -- the beneficiaries of basic and applied research conducted by NASA in earlier years. Accordingly, the Committee is pleased with the President's requested increase in Functions 250 and 400 for NASA's space and aeronautics programs.

2. National Science Foundation (NSF)

The National Science Foundation Authorization Act of 1988 (P.L. 100-570) endorsed the Reagan Administration's proposal to double the NSF budget by 1993. The Committee continues to agree with this position and therefore endorses the President's FY 1992 request for NSF of $2.722 billion. This increase of $406 million, which is nearly 15 percent above the current fiscal year, will help the Nation produce the new basic research and new scientists and engineers needed to remain competitive in world markets.

The Committee shares jurisdiction with the Committee on Labor and Human Resources over seven of NSF's eight budget accounts -- research and related activities, the two Antarctic accounts, research facilities, research instrumentation, salaries and expenses, and the Office of the Inspector General. The agency's eighth account, education and human resources, remains under the sole jurisdiction of the Labor Committee. Therefore, the views and estimates regarding NSF that are submitted by the Committee address all of the agency's accounts except education and human resources.

3. Technology Administration and National Institute of Standards and Technology (NIST)

The Technology Administration at the Department of Commerce (DOC) contains four key technology agencies -- the Office of the Under Secretary for Technology, the Office of Technology Policy, the National Technical Information Service (NTIS), and the National Institute of Standards and Technology (NIST).

NIST is the largest of these four agencies. The Technology Competitiveness Act (sections 5101-5164 of the Omnibus Trade and Competitiveness Act of 1988, P.L. 100-418) upgraded DOC's National Bureau of Standards into NIST and gave the agency new authorities to help U.S. industry speed the commercialization of new products and improve manufacturing. Under the 1988 Act, NIST assists industry in three ways: 1) continued in-house research and technical services, which provide industry with precise measurements, quality assurance techniques, and new process technologies; 2) new technology extension activities, including Manufacturing Technology Centers; and 3) a new

Advanced Technology Program (ATP) which provides seed money, on a matching basis, to industrial consortia and individual companies to help develop new precompetitive, generic technologies.

In an era when U.S. leadership in commercial technology is eroding, and when major trading partners spend a far higher percentage of their gross national products on commercially-related research, the Committee believes that targeted expansions of NIST programs are important to the future prosperity and security of the Nation.

During the first session of the 102nd Congress, the Committee will consider legislation to reauthorize and make targeted expansions in NIST and the other agencies of the Technology Administration. The Committee is encouraged that the President's FY 1992 budget request proposes to double NIST's internal laboratory program over the next five years. The President's budget also requests funds for the Manufacturing Technology Centers and the ATP, although amounts below or at the levels appropriated for FY 1991. In S. 1191, a bill considered in the 101st Congress but not enacted, both the Committee and the full Senate voted to authorize $100 million for the ATP, and the Committee expects to consider a similar amount for the FY 1992 ATP authorization.

4. High-performance Computing Initiative

Last year, the Commerce Committee unanimously approved and the Senate passed S. 1067, the High-Performance Computing Act, which would have created and authorized a major new multi-agency computing initiative. Because the House did not act on the legislation in the 101st Congress, a very similar bill, S. 272, was introduced in January and ordered reported by the Commerce Committee on March 19, 1991, without objection. S. 272 would create a program very similar to one proposed by the White House Office of Science and Technology Policy (OSTP), for which the Administration included a total of $638 million (a 30 percent increase) in its FY 1992 budget request. S. 272 would authorize new funding for two Federal agencies: NSF and NASA. The total authorization provided in the bill is $988 million for FY 1992-1996, with $68 million for FY 1992.

At a time when computers are more important than ever to scientific research, national security, and industrial competitiveness, it is essential that the United States maintain its lead in leading-edge computer technology. By spurring the development and use of more powerful supercomputers and creating a national high-speed computer network, this bill would ensure that American scientists, engineers, and students have access to the best computer hardware and software available.

Surface Transportation and Highway Safety

a. Surface Transportation

The Committee will continue its oversight of the motor carrier, pipeline, and railroad industry with respect to economic and safety issues. In this regard, the Committee plans during this fiscal year to reauthorize the Motor Carrier Safety Assistance Program (MCSAP), the pipeline safety programs, and the rail safety program.

MCSAP is a Federal/State effort dedicated to improving safety in the heavy truck and bus industry. The Committee will consider a MCSAP bill, S. 631, with funding levels of $65 million in FY 1992, $70 million in FY 1993, $75 million in FY 1994, and $85 million in FY 1996, from the highway trust fund. These funding levels take into account inflationary increases in the cost of MCSAP's current inspection and audit work, and recognize the need for increased traffic-related enforcement efforts. With the exception of FY 1992 and 1993, the President's 5-year budget request for MCSAP spending is considerably higher than that recommended by the Committee in part to fund the President's proposal to allow weight enforcement as a reimbursable MCSAP expense, which only under certain circumstances would be allowed under S. 631.

With respect to rail safety, the Committee will be considering legislation to reauthorize the rail safety program for FY 1992 and beyond. The President's FY 1992 rail safety request of $41 million takes into consideration implementation of the Hazardous Materials Transportation Uniform Safety Act of 1990 and the Sanitary Food Act of 1990, both enacted during the 101st Congress and supported by the Committee. (Rail safety user fees were imposed in the Omnibus Budget Act of 1990.)

With respect to other transportation safety programs, the Hazardous Materials Transportation Uniform Safety Act of 1990 contained $16 million in authority for the Research and Special Programs Administration's (RSPA) general programs in FY 1992, and another $6.5 million for related new initiatives. The President's budget increases for the hazardous materials transportation program reflect the need for increased funds to implement that law and the Sanitary Food Act. Budget increases proposed by the President for the pipeline safety programs are related to on-going implementation of the Pipeline Safety Act of 1988, including the increased inspection requirements mandated in that law, which the Committee continues to support. (Appropriations for pipeline safety programs are reimbursed fully by a user fee.)

On other transportation matters, during the 101st Congress, the Committee reported a bill authorizing $50 million for each of the fiscal years 1991 and 1992 for the Department of Transportation (DOT), and specifically the Federal Railroad Administration (FRA), to support research and development activities associated with magnetically levitated (maglev) rail transportation systems. Under S. 2286, cooperative research and development agreements between DOT and industry were to be provided pursuant to the Stevenson-Wydler Technology Innovation Act, with funding for such initiatives to be shared by the Federal government and private industry. S. 2286 was not considered by the Senate. It is anticipated that similar legislation will be introduced this year. In this regard, the President's budget for FY 1992 proposes funding of $26 million to support railroad research and development activities, including funding $15.5 million earmarked for maglev and high-speed rail assessments by the FRA.

b. Highway Safety

The Committee will consider authorizing the expenditure of increased monies from the highway trust fund for the National Highway Traffic Safety Administration's highway traffic safety grants. These funds are used to make grants to states for improved highway safety, including drunk driving prevention. The additional funds would be used to enhance further the states' ability to prevent highway deaths and injuries.

In conclusion, this Committee remains committed to responsible deficit reduction while maintaining adequate funding for those priority programs under its jurisdiction. We look forward to working with the Budget Committee as the FY 1992 budget resolution is considered.

With warm regards, we are

Sincerely,

Jack Danforth
JOHN C. DANFORTH
Ranking Republican

Fritz Hollings
ERNEST F. HOLLINGS
Chairman

J. BENNETT JOHNSTON, LOUISIANA, CHAIRMAN

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United States Senate
COMMITTEE ON
ENERGY AND NATURAL RESOURCES
WASHINGTON, DC 20510-6150

March 6, 1991

The Honorable Jim Sasser
Chairman
The Honorable Pete Domenici
Ranking Republican Member
Committee on the Budget
United States Senate
Washington, D.C. 20510

Dear Senators Sasser and Domenici:

Enclosed is the report of the Committee on Energy and Natural Resources on the "Views and Estimates" of the Committee for Fiscal Year 1992 for portions of the Federal budget under the Committee's jurisdiction as required by section 301(d) of the Congressional Budget and Impoundment Control Act of 1974, as amended. The recommendation of the Committee was approved on March 6, 1991.

As outlined in the report, the Committee generally recommends to the Budget Committee that programs within its jurisdiction be funded in Fiscal Year 1992 at a current services level. As you requested, the report addresses new initiatives the Committee contemplates pursuing during the year. The report also comments on the budget initiatives included in the President's proposed budget for FY 1992. Some of these initiatives have been proposed in the past and rejected. As in the past, the Committee does not support these major changes in Federal energy and natural resources priorities. However, the proposed budget contains some new initiatives that the Committee does support, as discussed herein.

On behalf of the Committee, we look forward to working with you and the other members of the Committee on the Budget to achieve early Congressional approval of the Concurrent Resolution on the budget for Fiscal Year 1992.

Sincerely,

Malcolm Wallop
Malcolm Wallop
Ranking Minority Member

J. Bennett Johnston
J. Bennett Johnston
Chairman

COMMITTEE ON ENERGY AND NATURAL RESOURCES
UNITED STATES SENATE

RECOMMENDATION ON FISCAL YEAR 1992 BUDGET

MARCH 6, 1991

BACKGROUND

Section 301(d) of the Congressional Budget and Impoundment Control Act, as amended, requires the Committee on Energy and Natural Resources to submit to the Committee on the Budget its "Views and Estimates" for fiscal year 1992 of the portions of the Federal budget under its jurisdiction.

The Committee approved the following recommendation on March 6, 1991, in an open business meeting.

As requested by the Budget Committee, the report addresses two areas: Congressional priorities and comments on the President's budget.

SUMMARY RECOMMENDATION

In general, the Committee recommends that programs within its jurisdiction be funded in fiscal year 1992 at an aggregate current services level as estimated by the Congressional Budget Office (CBO), although specific authorization levels within that aggregate may change. Exceptions to this general recommendation are noted in the program-by-program discussion that follows. The Committee recommendation covers both direct spending program levels and credit program levels.

MAJOR NEW INITIATIVES

ENERGY

The National Energy Security Act of 1991

On February 5, 1991, Senators Johnston and Wallop introduced S. 341, the National Energy Security Act of 1991. The legislation is intended to reduce U.S. reliance on imported oil and to provide for the energy security of the Nation. S. 341 contains titles dealing with: energy efficiency; renewables; coal and electricity; research, development, demonstration and commercialization; the Strategic Petroleum Reserve; Outer Continental Shelf issues; oil and gas leasing in the Arctic National Wildlife Refuge (ANWR); natural gas; transportation, Corporate Average Fuel Economy (CAFE), and alternative fuels; advanced nuclear reactor commercialization, nuclear reactor licensing; uranium enrichment; and Public Utility Holding Company

Act reform. A summary of S. 341 can be found at 137 Cong. Rec. S1509 (February 5, 1991).

The Committee believes that the renewable energy and energy efficiency programs contained in S. 341, the National Energy Security Act of 1991, will build on existing progress achieved by the Clean Air Act and the Montreal Protocol in helping the United States to reduce its contribution to global climate change and are consistent with many of the recommendations of the United Nations' Intergovernmental Panel on Climate Change. S. 341 will provide the Secretary with increased authority to reinvigorate underfunded conservation and renewable programs, strengthen existing programs in these areas and initiate new energy efficiency and renewable joint venture programs in critical energy use sectors of the economy which should lead to a reduction in the emission of greenhouse gases into the atmosphere.

The legislation requires that a competitive oil and gas leasing program be undertaken on the Coastal Plain of the Arctic National Wildlife Refuge. The additional revenues from the leasing program are to be deposited in a special account in the Treasury known as the Energy Security Fund. Revenues from this fund are to be expended, without further appropriation, on energy related programs administered by the Secretary of Energy, including initiatives contained in S. 341, in the areas of: energy efficiency and conservation; energy efficiency in transportation; energy research, development, demonstration and commercialization, fossil energy, including clean coal technology and oil and gas extraction, electrical energy transmission and generation; advanced nuclear reactor programs pursuant to title XII of S. 341; and renewable energy resources, such as solar, geothermal, and hydroelectric power.

The President's budget assumes that all of the revenues from the leasing, development and production of oil and gas from the Coastal Plain of ANWR will be deposited in the federal Treasury to offset expenditures. Legislation to open the Coastal Plain of ANWR to oil and gas leasing has been favorably reported from the Committee in each of the two previous Congresses. Both measures provided for a 50-50 split of any ANWR revenues between the State of Alaska and the federal government. S. 341 provides for the same revenue sharing arrangement. While the ANWR issue is far from being finally resolved, the Committee believes that it is very unlikely that the federal government will receive 100% of the revenues from leasing ANWR.

Title VII of S. 341 contains a requirement that importers of petroleum products provide to the United States at no cost a percentage of the imported product for use in the Strategic Petroleum Reserve and for Department of Defense purposes. It is estimated that this provision will require importers to provide approximately 9 percent of imported petroleum products. This would result in a substantial offset of expenditures that the federal government would otherwise incur.

In addition, title VIII of S. 341 provides that 37.5 percent of "new revenues", as defined in the bill, generated as a result of leasing activity pursuant to the Outer Continental Shelf Lands Act, be paid into a Coastal State and Community Outer Continental Shelf Impact Assistance Fund. These monies are to be made available, without further appropriation, for impact assistance to coastal states and communities affected by OCS leasing activities in accordance with the criteria set forth in title VIII.

Comprehensive Uranium Act of 1991

Legislation to restructure the Department of Energy's uranium enrichment enterprise as a wholly-owned government corporation is contained in Title XIV of S. 341. The Committee is also considering this issue as separate legislation, S. 210, as introduced by Senator Ford on January 15, 1991. This legislation is nearly identical to legislation passed by the Senate in the 101st Congress (S. 83, S. 2415, and H.R. 5835) and in the 100th Congress (S. 2097 and H.R. 1315). Unfortunately, the House has not yet acted on the legislation. Enactment of this legislation in this Congress is imperative. It will place the enterprise on a sound foundation and permit it to operate in today's highly competitive world market.

The enrichment enterprise is now in serious trouble. Unless steps are undertaken by the Congress to make the enterprise more competitive--to allow it to operate like the business it is--it will soon lose the customer contracts that now bring in more than $1.5 billion annually. If that happens, the full costs of the enterprise will be borne by its defense customer, DoD. In addition, the multi-billion dollar cost of cleaning up and closing down the enterprise's plants may well have to be borne by the taxpayers. S. 210 would address these issues and place the uranium enrichment enterprise on solid footing.

High Performance Computing

The President has requested that a national high-performance computing initiative be implemented in 1992. The initiative would expand federal high-performance computing activities and establish an interagency coordination process. High performance computing activities involve supercomputers, software, education and training of computer engineers, and networks. The President's request for the entire initiative is $638.3 million for FY 1992, an increase of $148.9 million from FY 1991 over current services.

The Committee is considering S. 343, a bill which restructures the Department of Energy's high-performance computing activities to be consistent with these initiatives. S. 343 is very similar to a bill reported by the Committee in the 101st Congress, S. 1976 (S. Rpt. 101-377). S. 343 authorizes any appropriations that are necessary for the Department of Energy's role in the initiative.

Department of Energy National Laboratories

The Department of Energy's laboratory system consists of nine multi-program national laboratories and approximately 30 specialized program facilities around the country. Initial development of the laboratory complex stemmed from the Manhattan Project and concentrated on weapons production, but over the years the scope of research and development within the laboratory system has been broadened to include the full spectrum of fundamental sciences.

The national labs have made a significant contribution to our understanding of science and to our technological capability since their inception. The labs have been a resource for basic and applied research, fundamental science, and development of technology. However, the laboratories are on the brink of major changes in the way that they operate. The past emphasis on weapons research and development is no longer appropriate. As there is less utilization of the labs for defense purposes, there will be less defense dollars to support them.

The Committee is likely to consider legislation in the 102nd Congress that would address the future roles and missions of the national laboratories so as to maintain their capabilities in support of national priorities. The Committee held one hearing on the national laboratories in the 101st Congress (S. Hrg. 101-972).

Global Climate Change

Currently pending before the Committee is S. 324, the National Energy Policy Act of 1991, which establishes a national energy policy to reduce the generation of carbon dioxide and greenhouse trace gases. The legislation focuses primarily on least-cost energy planning, energy efficiency, innovative clean coal and renewable energy technologies, energy research and development initiatives, reforestation and natural resource management policies, and programs for natural gas research, development, and demonstration and related training programs.

S. 324 was introduced by Senator Wirth and referred to the Full Committee. The measure is essentially the same as S. 324 of the 101st Congress. The research provisions are contained in S. 341.

NATURAL RESOURCES

Reform of the Concessions Policy Act of 1965

Senator Bumpers will introduce legislation which would significantly reform the National Park Service's Concessions Policy Act of 1965. One element of this legislation will be provisions designed to ensure that franchise fees paid to the Federal Government for the privilege of conducting business in units of the National Park System will be significantly increased. These increased receipts to the Federal Government will be made available directly for park-related purposes instead of deposited into the Treasury as they are now. It is not clear whether such legislation will be enacted in time to affect receipts to the Treasury in FY 1992.

Territories land disposal and acquisition

The Committee will continue consideration of legislation that would direct the disposal of certain excess federal lands in the territories, and would authorize the Secretary of the Interior to use the proceeds from such disposal for land acquisition, park development and other federal programs on the island from which the proceeds were derived.

COMMENTS ON THE PRESIDENT'S BUDGET PROPOSALS

ENERGY

Energy Efficiency

The Committee is pleased with the President's request for an increase of approximately 25 percent in funding (from $239 to $298 million) for increasing energy efficiency in the utility, building, transportation, industrial and federal sectors of the economy. However, the Committee believes that continued growth in energy efficiency funding is necessary to strengthen research and commercialization of energy efficiency technologies, and to achieve economic, environmental and national security benefits.

Renewable Energy

The Committee recognizes the modest increase from $159 to $166 million in the President's budget for securing future energy supplies from renewable energy technologies. The Committee notes the need for greater growth in funding in this area if the nation is to meet the goal of significant increases in the renewable energy contribution to domestic energy supplies. The Committee is particularly concerned regarding the lack of aggressive promotion of renewable technologies through joint ventures with the private sector as authorized under the Renewable Energy and Energy Efficiency Technology Competitiveness Act of 1989, Public Law 101-218. The Committee supports expanded funding for joint venture commercialization and export of proven renewable energy and energy efficiency technologies.

Energy Conservation Grants

The President's budget proposes to eliminate appropriations for grant funding for the State and Local Assistance Programs (SLAP) on the basis that oil overcharge funds are available for this purpose. Oil overcharge funds are made available to the States under court judgments as compensation to citizens who were victims of oil price violations in the 1970's. The court judgments intend that the funds be used for various Federal and State energy programs.

Congress has opposed cuts below $200 million since 1986 in order to maintain a core of program activity to which oil overcharge, state, local and private funds are added. The Committee supports continuation of current services which provides for the four SLAP programs: Weatherization, Schools and Hospitals, Energy Extension Service, and State Energy Conservation Programs. Last year the Congress enacted legislation to upgrade these programs.

The Administration has requested $30 million for Federal administration to enhance the management and performance of these Conservation Grant programs. However, these funds are proposed to be derived from "excess" amounts deposited in the Petroleum Violations Escrow (PVE) account established pursuant to the Stripper Well Agreement. Although the Committee supports the proposed use of these funds, it objects to the use of the PVE account as the exclusive source. Instead, the Committee supports the continued use of the excess in the PVE account to supplement the appropriations for the conservation grants.

Global Climate Change

The Committee, in general, supports the Bush Administration's request for increased funding for scientific research and technology development as a response to potential global climate change. The Committee believes that FY 1992 appropriation levels supported by Congress for energy efficiency and non-nuclear renewable energy programs should be at least at the level of current services.

Nuclear Energy Research and Development

The President's budget requests $397,958,000 for nuclear energy research and development activities. These activities can be divided into three general categories: (1) research and development of advanced civilian nuclear power plant technologies ($112,039,000); (2) research and development of space and defense reactors ($142,000,000); and (3) maintenance of the Department of Energy's nuclear research facilities ($127,800,000).

Last year, in its Views and Estimates on the President's budget for fiscal year 1991, the Committee expressed its concern about the continuing erosion of support for advanced civilian nuclear reactor research and development compared to the other two nuclear energy research and development program areas. The Administration's FY 1992 budget request is not fully responsive to the Committee's concern. While the President's budget requests a substantial increase for research directed at power reactor technologies that can be commercialized in the near-term, the President has again requested reduced funding for research directed at power reactor technologies that are further away from commercialization. The requests for all space and defense programs again exceeds the requests for civilian power reactor programs. Indeed, the President's request for one new space program--to design power systems for exploration of the moon and Mars--amounts to nearly two-thirds of the President's request for research and development aimed at developing advanced nuclear power systems for use on Earth.

The Committee supports the Administration's goal of making standardized advanced light water reactor designs commercially available by 1995. Consistent with this goal, the Committee is now considering legislation (Title XII of S. 341, the National Energy Security Act) to restructure the Department of Energy's advanced civilian nuclear reactor research and development programs. The purpose of this legislation is to refocus the Department's research effort on commercialization of advanced nuclear reactor technologies to be responsive to the Committee's earlier expressed concerns.

Uranium Enrichment

The President's budget requests $1,547,000,000 to operate the Department of Energy's uranium enrichment enterprise in fiscal year 1992. This amount will be fully offset by payments from the enterprise's customers for enrichment services.

The enrichment enterprise enriches uranium for foreign and domestic nuclear power plants, the U.S. Navy, and other government customers on a fee basis. The enterprise is vitally important to the nation's energy and military security and improves our balance of trade by about half a billion dollars annually.

As noted above, the Committee is considering legislation to restructure the uranium enrichment enterprise as a wholly-owned government corporation. This legislation will place the enterprise on a more sound foundation and enable the enterprise to compete in today's highly competitive market. Increased competition, both abroad and in the U.S., makes restructuring imperative. The increased competition includes a private enrichment venture planned for the U.S., and an attempt by the

Soviets to gain a larger share of the U.S. market by selling enrichment services at prices that are less than half of DOE's price.

The Committee notes with concern that the Administration has proposed appropriations language that would permit the Department of Energy to purchase enrichment services on the open market for resale when the cost is less than the Department's cost of production. The Administration proposed similar language in its fiscal year 1991 appropriations request, which was rejected by the Congress in the Energy and Water Development Appropriations Act, 1991 (Public Law 101-514). This Committee concurs with the recommendation made in Public Law 101-514 that the issue of open-market purchases for resale needs to be examined in the context of legislation to restructure the enrichment enterprise.

The Committee is also concerned about the Administration's decision not to request funding for deployment of an Atomic Vapor Laser Isotope Separation production plant. The Administration has made the decision that all future capital investment in new enrichment plants should be made by the proposed government corporation rather than by the Department of Energy. Thus, while the President's budget requests a 38 percent increase in funding to complete the demonstration of the Atomic Vapor Laser Isotope Separation (AVLIS) process, this funding is for additional research and development and not for activities leading to the deployment of an AVLIS production plant. This Committee has long supported development of AVLIS as a more energy-efficient and commercially competitive way to enrich uranium than the Department of Energy's aging gaseous diffusion enrichment plants. The Committee views the Administration's decision not to pursue deployment of AVLIS as yet another reason why enactment of legislation to set up the corporation is imperative.

Superconducting Super Collider

The President's request proposes spending $533.7 million for FY 1992 for the Superconducting Super Collider (SSC). This is an increase of over $200 million from FY 1991. The Department has now raised its cost estimate to $8.3 billion which is more than $2 billion higher than the budget estimate provided by the Department in last year's budget request. However, a recently completed design review by the Department of Energy's Office of Independent Cost Estimating has identified the project cost at $11.8 billion. The annual operating cost of the SSC when it commences operation after 1998 is estimated at $300 million, approximately one half of the current budget for all of high-energy physics.

The Committee is concerned about both the continuing escalation of costs for the SSC and the fact that the costs of the SSC are not reflected in the current services baseline. Further, the Committee is concerned that this will inevitably lead to tighter competition for federal dollars for other worthy areas of scientific endeavor. The Department needs to provide the Committee with a clear plan for funding the SSC without undue and undesirable erosion of other important areas of fundamental research. The prospect of continued cost escalation for the SSC underscores the need for such a plan.

Clean Coal Technology Program

The Committee is extremely concerned about the Administration's decision in the FY 1992 budget to effectively terminate the clean coal program by not requesting funding for Round 5 of the Clean Coal Technology Program. The Committee believes that this is a significant and worthwhile program that should be continued. The Congress has demonstrated its strong support for this program repeatedly. It is anticipated that Congress will again ensure that sufficient funding is provided for this program.

Proposed Lease of the NPR

The Committee is concerned that the Administration's proposed lease of the Naval Petroleum Reserves (NPR) may not be prudent at this time. The production of NPR oil is providing, and will continue to provide, valuable revenues to the Government for years to come. Gross revenues from the sale of petroleum and related products from the Reserves are estimated at $654 million in FY 1991. Net revenues range from $200 to $300 million per year. The Administration estimates that it could obtain a lease bonus of $2.5 billion spread over five years (up from last year's estimate of $1.6 billion spread over three years). Leasing the NPR would create a temporary decrease in the deficit, but would hamper future administrations in their efforts to match revenues and outlays.

There is a long history of Federal ownership of oil-producing lands both onshore and on the Outer Continental Shelf. The Committee notes that the NPR properties are part of a unitization agreement with private companies and that few of the operating decisions are made exclusively by the Federal government.

On several occasions Federal law has conditioned the authority to sell oil produced from the NPR Number 1 (Elk Hills) on the SPR being filled at no less than a specified fill rate. This has been an effective means of assuring that the SPR is filled as provided by law. Leasing of the NPR would remove that incentive.

Strategic Petroleum Reserve

The Committee notes that the Iraqi invasion of Kuwait last August and the subsequent war in the Persian Gulf have dramatically shown the wisdom of the nation's investment in the Strategic Petroleum Reserve (SPR).. Public Law 101-383 directed the Department of Energy to expand the SPR to one billion barrels. In the wake of the Iraqi defeat, the Committee believes that the U.S. should quickly move to prepare storage facilities and acquire oil for an SPR of at least one billion barrels. The good will of allied producers will be at its peak in the period immediately after the war. Substantial surplus production capacity is also likely to exist in the near future. For these reasons, the U.S. should be able to secure long-term commitments to supply oil to the SPR by purchase, leasing, or as repayment for the U.S. contribution to the war effort.

Completed SPR storage capacity totals 600 million barrels [MMB], and work continues on an additional 150 MMB of capacity which should be ready by September 1991. However, SPR oil acquisitions in the post-war period could easily involve quantities that exceed the remaining storage capacity under construction. Under current law, DOE must amend the SPR Plan to reflect a target of 1 billion barrels by no later than September 15, 1992. There are substantial lead times in developing new capacity, therefore we believe that DOE should amend the SPR Plan as soon as possible and proceed to develop the capacity needed to store 1 billion barrels with all feasible speed.

Fill of the Reserve was suspended in August 1990. The Administration proposes to resume SPR fill in the last half of 1992 at a rate of up to 50,000 barrels per day with oil acquired by lease or other suitable alternative. The Committee applauds DOE's intention to use the lease option created in Public Law 101-383. However, the Committee recommends that fill begin again as soon as possible and at a much more ambitious rate. In past years, fill rates of 100,000 to 200,000 barrels a day were common. If favorable leasing options are available, DOE should move aggressively to achieve the highest practical fill rate in FY 1991, and continue such full rate. If direct purchase is the only option available, the Committee supports an SPR fill rate of 75,000 b/d which is required by current law. Existing law provides that U.S. oil produced from the Elk Hills Naval Petroleum Reserve may not by in sold in FY 1991 unless the SPR is being filled at a rate of 75,000 barrels per day.

Power Marketing Administration Payments

The President's budget proposes once again to alter repayment practices of the Federal Power Marketing Administrations (PMAs) in order to generate additional revenues. The Administration has submitted legislation which would require PMAs to make scheduled annual payments of unpaid principal on their appropriated Federal investment, excluding irrigation investment, by adopting a mortgage-type amortization approach. Interest rates on unamortized balances would apparently be set at the historic long-term Treasury interest rate in effect at the time each PMA investment was placed in service. It is not possible to come to a definitive conclusion concerning this proposal without considering its specifics. However, the Administration's proposal raises the possibility that PMA rates will rise above the rates for other wholesale power alternatives with the result of reducing rather than increasing federal revenues. Moreover, there is great concern that an increase in rates could result in decreased employment in many areas being served by the PMAs, thus increasing costs to the government associated with the payment of miscellaneous unemployment and welfare benefits. The Committee believes that the Administration's repayment proposal may be unworkable and inadvisable. The Committee does not oppose the sale for fair value of the Alaska Power Administration.

NATURAL RESOURCES

Bureau of Reclamation

The Committee believes that, within the Bureau of Reclamation's proposed funding for general investigations and studies, increased emphasis should be given to those measures which would improve water management so as to help with drought conditions, address fish and wildlife problems, and improve the quality of agricultural drainage. The Committee would encourage the Department of the Interior to make funding available to ensure the long-term maintenance and availability of information collected by the San Joaquin Valley Drainage Program.

The Committee believes that the Department of the Interior bears a fundamental responsibility to fulfill its obligations under Indian water rights settlements. The Committee notes that funding for the Fort Hall settlement should be made available as provided under the settlement agreement, and for the Colorado Ute Settlement in accordance with that agreement as well as other water settlements, such as the Truckee-Carson-Pyramid Lake settlement.

In general, the Committee agrees with the overall funding levels identified for the Bureau of Reclamation, but notes that adjustments will need to be made during the appropriations process as the Congress reviews overall priorities. The Committee hopes that accommodation will be made to permit funding for projects now underway, including the Umatilla Basin project, which would enhance instream flows and solve other local and regional water resource problems.

The Committee notes that authorizations for a number of new activities, such as the Central Utah Project, Lake Andes-Wagner/Marty II Project, Leadville Mine Drainage Tunnel Treatment Plant, Buffalo Bill Dam enlargement, and Lake Meredith Salinity Control Project, passed the Senate and the House during the last

Congress but were not enacted due to other concerns. Funding for these activities may affect the overall fiscal year 1992 budget.

The Committee supports giving the Bureau of Reclamation sufficient funding to permit aggressive enforcement of Reclamation law, including those provisions regarding acreage and pricing, which may generate revenues for the Federal government.

Geological Survey

The Administration has requested a decrease of $1,000,000 in funding for Core Program Hydrologic Research. The Committee believes that funding should be maintained at the fiscal year 1991 level of $10,537,000 in order to permit the Geological Survey to complete sampling and analysis of Mississippi River water quality in a timely fashion.

The Administration has requested a decrease of $5,975,000 in funding for the National Water Resources Research and Information System Federal/State Cooperative Program. The Federal-State Cooperative Program is a major part of the Geological Survey's program of water resources investigations. In many places, the Cooperative Program provides the only source of support for water data collection and investigations required to assess, on a continuing basis, the status of the Nation's water resources. The States have identified an interest in more than $83,000,000 in water resource investigations as candidates for matching funds. In light of the importance of this program and the significant State support, the Committee believes that funding should be maintained at the current services level.

The Administration has requested a decrease of $2,875,000 in funding for the National Water Resources Research and Information System State Research Institutes. The Administration's budget request would have the effect of cutting this program by half. The Water Resources Research and Technology Institutes, which are located in each of the States, would see their annual grants reduced from $105,000 to $52,000. The Committee believes that this program should be funded at the current services level.

The Administration has proposed increases in funds available for the National Water Quality Assessment Program and the Truckee-Carson Program. Both programs address high priority and emergent water resource concerns. The Committee believes that these increases are fully justified.

Rural Abandoned Mine Reclamation Program (RAMP)

The Administration's proposal would phase out RAMP with a decrease of $8.933 million and 75 Full Time Equivalents (FTEs) in 1992. According to the Administration, the request of $3.0 million provides funding to close out existing projects. The FY

1991 appropriation was $11.933 million. The FY 1992 request is $3.0 million. The Committee supports current services.

Mineral Institutes

The FY 1992 request includes $4.3 million for the Mineral Institutes Program, a decrease of $5.7 million from the 1991 appropriated level. The funding would make available research grants, but would eliminate state allotment grants for each Institute. The Committee recommends funding at the current services level, and that the state allotment grant program be funded.

Generic Center for Respirable Dust

Funding for the Generic Mineral Technology Center for Respirable Dust would be eliminated in the FY 1992 budget request. The Committee recommends the funding be continued at current services.

Administration of the Mineral Leasing Activities

The Committee notes that the President's budget would increase the amount of administrative expenses to be deducted from mineral leasing receipts prior to the distribution to the states from $68.2 million to $102.3 million. The Committee is unaware of the rationale for this increase and views its adoption as unlikely.

Mining Claim Holding Fees

The Committee notes that the President's budget again assumes changes in hard rock mining law to assess a $100 holding fee in lieu of annual assessment work. While the Committee expects to actively consider this proposal, as well as, S. 433 introduced by Senator Bumpers, it should be noted that the last Congress considered and did not adopt the holding fee.

Coastal and Wetlands Processes

The FY 1991 request includes a decrease of $7 million for coastal and wetlands processes studies. This decrease includes a reduction of $945,000 in the ongoing Louisiana Wetlands Loss Study. The FY 1991 appropriation level was $2.0 million; the FY 1992 request is 1.055 million. The West Louisiana/Upper Texas Coastal Erosion study which was initiated in FY 1991 with a $1.0 million appropriation has been eliminated. The Committee believes these two studies should be funded at current services.

America the Beautiful

The FY 1992 budget provides a small increase in funding for the "America the Beautiful" (ATB) program which was initially included in last year's budget. This program includes land acquisition funds for national parks, wildlife refuges, forests, and public lands; a reforestation/tree planting program; and a natural resources protection component which includes funds for the protection and enhancement of significant natural, cultural and recreational resources and the maintenance and operation of related facilities.

As was the case in the FY 1991 budget, a significant portion of the proposed ATB funding represents increased funding levels for existing programs rather than the establishment of new programs or initiatives. Nevertheless, the Committee generally supports the funding proposals contained in the America the Beautiful program. In light of the enactment last Congress of legislation reported from this Committee establishing a new Civil War Battlefield Site Study Commission, the Committee is especially pleased to note that a portion of the America the Beautiful program is targeted towards the protection of Civil War Battlefields.

Last year's ATB proposal suggested that authorizing legislation would be transmitted to the Congress to implement portions of the program. Implementation of this year's budget request for ATB may also require additional authorizing legislation, although there is little detail on such legislative proposals in the budget submission. Of course, it will be necessary to review any authorizing legislation carefully before the Committee can endorse all aspects of the America the Beautiful program.

The America the Beautiful initiative contains a request for $140 million (nearly twice as much as was appropriated in FY 1991) to expand an ambitious tree planting program. The amount of $30 million would be directed toward urban communities with a goal of planting and caring for 30 million trees annually in the nation's nearly 40,000 cities, towns and communities. The remaining $110 million would go to forest improvement programs with private landowners and a grant program to state forestry agencies to assist landowners in developing stewardship plans.

Forest Service Receipts

The Committee notes that the FY 1992 Forest Service budget again assumes $10 million of additional recreation fee receipts (25% of which goes to the states) for the next fiscal years. This assumption is predicated on the passage of legislation providing for the collection of additional recreation fees on National Forests System lands. No such proposal has been transmitted to the Committee this year. Since Forest Service fee proposals in the past have proven very controversial, the chance of enacting such legislation before the beginning of the next fiscal year again appears unlikely.

Forest Service and Bureau of Land Management (BLM) Programs

In recommending current service levels for Forest Service and BLM programs within its jurisdiction, the Committee takes special note of the proposed increases for range management, recreation, resource protection, and land acquisition. These proposed increases reflect a continuing upward trend in expenditures in these areas after years of cuts and are most welcome.

Land Acquisition and Historic Preservation

The Committee is pleased to note that, consistent with last year's budget request, the Administration is recommending significant funding to acquire lands for park, fish and wildlife, and recreation purposes as well as money for the Historic Preservation Fund's grant program. These requests are consistent with recommendations contained in the Committee's "Views and Estimates" to the Budget Committee over the past several years.

The Committee also notes that the FY 1992 budget requests $30 million for the Land and Water Conservation Fund's state grant program. This is the first time since 1981 that the Administration has requested funds for this very popular program.

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United States Senate
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
WASHINGTON, DC 20510-6175

March 11, 1991

The Honorable James R. Sasser
Chairman
The Honorable Pete V. Domenici
Ranking Minority Member
Committee on the Budget
U.S. Senate
Washington, D.C. 20510

Dear Chairman Sasser and Senator Domenici:

We are writing with recommendations for programs within the jurisdiction of the Committee on Environment and Public Works respecting fiscal year 1992 budget issues in accordance with the Congressional Budget Act. As you have requested, our comments are directed to new initiatives, proposals contained in the President's fiscal year 1992 budget and deficit reduction options.

New Legislative Initiatives

There are four principal legislative items before the Environment and Public Works Committee this year, including reauthorizations of the Federal-aid Highway program, the Clean Water Act, the Solid Waste Disposal Act and management of the Arctic National Wildlife Refuge. Legislation for these programs is presently being drafted, so it is premature to estimate the exact cost of implementation. In addition, the Committee will be considering reauthorization of the Environmental Protection Agency's research and development program and amendments to the Toxic Substances Control Act. Relevant budget issues respecting these programs are discussed below in further detail.

Deficit Reduction Initiatives

As you know, the Committee recommended legislation last year to provide for 100% cost recovery for the Nuclear Regulatory Commission through user fees, resulting in $1.55 billion in savings over five years, and to provide for the assessment of user fees for various services provided by the Environmental Protection Agency. These provisions were adopted as part of the Omnibus Budget Reconciliation Act of 1990 (OBRA), and will result in substantial savings to the Federal government over the five year time period covered by the budget summit agreement.

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Specific Program Issues

Federal Highways

The Administration recently submitted legislation to amend and renew the Federal-Aid Highway program. Last week, the Committee conducted a hearing on this proposal and related issues including spending implications. The Congressional Budget Office (CBO) provided the following estimates for the Administration measure:

	Budget Authority (in billions)	Outlays
1992	$ 15.8	$ 15.5
1993	16.1	15.8
1994	16.6	16.0
1995	18.1	16.6
1996	20.1	17.7

At the beginning of fiscal year 1991, under CBO baseline assumptions, the total unexpended balance in the Trust Fund was $16.8 billion--$9.6 billion in the Highway Account and $7.2 billion in the Transit Account. The unexpended balance in the Highway Account has remained almost unchanged over the past decade.

Over the next five years, estimates show that total obligations from the Highway Account will almost equal total receipts. Outlays and tax revenues will be almost equal, indicating that the net impact on the deficit of Highway Account finances will be very small.

Under the Administration proposal, according to CBO, total outlays from the Highway Account under the budget would be below baseline levels over the next five years. The unexpended balance would be lower at the end of fiscal year 1996, because the Administration proposes to eliminate the OBRA 5 cent per gallon tax rate increase.

Since revenues to the Highway Trust Fund are increasing as a result of higher taxes enacted last year, the Committee will explore the potential for putting additional funds to work for the program and consider making funds fungible for use on highway or mass transit projects. In order to meet air quality and energy conservation goals, as well as serve transportation needs, the highway program must be reauthorized along with making alternatives to highway construction eligible for funding.

As noted previously, we are presently drafting legislation to reauthorize the Federal-aid highway program. In all probability, the levels of funding called for in Committee reported legislation will meet CBO estimates of the Administration bill. As legislation is developed, it is our intent to work closely with the Senate Budget Committee in assessing the actual impact of this measure.

Environmental Protection Agency

Water Quality and Sewage Treatment

The Committee anticipates reauthorization of the Clean Water Act this year. There are several budget issues of concern both with proposals in the President's budget for FY92 and longer term efforts to address water pollution problems.

In the 1987 Clean Water Act amendments, Congress authorized a major program to provide grant assistance to States to address nonpoint sources of water pollution. Last year, only $50 million of the $130 million authorized was appropriated for this purpose. The EPA estimates that nonpoint sources cause over half our water quality problems. The President's budget for FY92 seriously underfunds this effort with a request of only $24 million. It is our view that additional resources, substantially above last year's appropriation, are necessary to assist States in developing nonpoint source pollution programs.

For the past several years, we have been capitalizing State funds to provide loans to communities for sewage treatment plant construction. Unfortunately, appropriations for this program have fallen behind authorizations. We had anticipated a need for $1.8 billion in FY92. Given shortfalls in previous years, however, we urge that a minimum of the FY91 appropriated level of $2.1 billion be allocated in FY92.

In addition, the President's budget proposes to fund five construction projects from this account to the States. Most of these projects are not authorized in the Clean Water Act. Furthermore, funds for additional projects even if authorized should be separate from funding for State loan funds.

In the longer term, we urge that for planning purposes, the baseline for sewage treatment and water quality programs be maintained at CBO "current services" levels. Legislation considered by the Committee may reconfigure the current pattern of spending for sewage treatment and water quality, but it is essential that this "level of effort" not be diminished to assure a means to address serious and ongoing water problems.

Solid Waste Legislation

As indicated, we are drafting amendments to the Solid Waste Disposal Act. We anticipate working with both the Budget and Finance Committees as this legislation is developed.

Research and Development

The Committee will be considering reauthorization of the EPA research and development program. No less than the FY92 proposed level of funding for this program should be included in the budget.

Toxic Substances

The Committee is considering legislation that will require EPA to conduct a comprehensive program to control and abate lead in the environment. Additional amendments to the Toxic Substances Control Act may be considered this year. Necessary levels of funding to support these efforts have not been determined.

Asbestos In Schools

The President's budget for FY92 does not include funding for the loan and grant program to assist schools with asbestos abatement. Schools may need assistance to implement plans developed pursuant to the Asbestos Hazard Emergency Response Act, to properly manage asbestos through containment or removal. The Asbestos School Hazard Abatement Act was extended just last November. Extension of the Act serves as evidence of Congressional intent to continue assistance to schools. Further, loan repayments are beginning to accumulate in the Asbestos Trust Fund and should be made available to support the program.

Superfund

The President's budget includes $1.75 billion for the Superfund program. Given the many cleanup projects needing funding, we support allocating at least the amount requested by the President. The appropriation should include the $250 million from general revenues reauthorized in the recent Superfund tax extension provisions last year. As Congress recognized in last year's EPA appropriations bill when it appropriated all remaining authorized general revenues from the 1986 Superfund amendments, use of such general revenues is not only necessary to achieve consistency with the total authorized funding levels, but also has no greater effect on the deficit than does spending the same total amount of Trust Fund dollars without a general revenues component.

Emergency Planning and Community Right to Know

The 1986 Emergency Planning and Community Right to Know Act through its creation of a national and publicly available pollution inventory has significantly aided the effort to comprehend and address the problems associated with routine toxic emissions into the environment. In addition, through its emergency planning provisions, this law has helped improve our preparedness for chemical accidents, and their prevention. The President's budget request of approximately $31 million represents an increase of about $4 million from last year's appropriated level (although there was a small decrease for some Title III enforcement activities). Given the important contributions of this program and the continuing concern about whether the program has adequate resources to meet its significant obligations (particularly the Agency's capacity to process the large volume of emissions reports in a timely manner and to enforce all provisions of the law), we support a funding level at least equal to the President's request.

Clean Air Act Implementation

The President's FY92 budget includes increases of approximately $117 million agency wide to implement the newly enacted Clean Air Act Amendments. However, the Agency has estimated that an increase of twice this amount is necessary to implement the new mandates. The Committee is currently reviewing the budget request to support the amendments and may recommend that additional resources beyond those requested in the President's budget be provided in FY92.

Council on Environmental Quality

The President's budget includes $2.6 million to support the Council on Environmental Quality (CEQ) in FY92. This represents a substantial increase above the appropriated level of $1.9 million for the current year. We support the request of $500,000 contained in the EPA budget, to be allocated to CEQ to develop and administer an environmental education awards program pursuant to the National Environmental Education Act. The President's total request is warranted to continue CEQ's rebuilding effort.

U.S. Fish and Wildlife Service

The President's budget request for appropriations to the U.S. Fish and Wildlife Service is $670,307,000, a three percent reduction ($23,572,000) from the appropriations enacted by Congress for the current fiscal year 1991. The total fiscal year 1992 budget request for the U.S. Fish and Wildlife Service, including permanent accounts, is $1,128,019,000, an increase of

$25,755,000. The President's budget includes increases for wetlands conservation, endangered species protection, and the National Wildlife Refuge Fund. The President's budget requests a 38 percent decrease ($38,590,000) in the amount appropriated for fiscal year 1991 for land acquisition.

We support the President's request for the U.S. Fish and Wildlife Service. However, we believe that increases are warranted for a number of programs. Land acquisition funding should be increased. Increased appropriations from the Cooperative Endangered Species Conservation Fund are essential for cooperative federal-state efforts to recover threatened and endangered species. Finally, funding is needed to begin implementation of the Nonindigenous Aquatic Nuisance Prevention and Control Act of 1990 (P.L. 101-646).

Arctic National Wildlife Refuge Legislation

The Committee will act this year on legislation (S. 39) pending before it that would designate the coastal plain of Arctic National Wildlife Refuge as wilderness. Wilderness designation for this portion of the Refuge would prohibit oil and gas exploration or development. In preparation for this action, the Committee has been evaluating the Department of the Interior's Final Legislative Environmental Impact Statement (LEIS) on the Coastal Plain to determine whether it is adequate and satisfies the legal requirements of the National Environmental Policy Act. The Committee has jurisdiction over matters relating to fisheries and wildlife resources, including management of units of the National Wildlife Refuge System, such as Arctic National Wildlife Refuge, under the National Wildlife Refuge System Administration Act of 1966. Additionally, the communication from the Secretary of the Interior transmitting this Final LEIS on the Coastal Plain, pursuant to Title X of the Alaska National Interest Lands Conservation Act, was referred solely to the Committee. The National Environmental Policy Act is within this Committee's jurisdiction.

Army Corps of Engineers

The Committee supports the President's request of $3.5 billion for the Civil Works program of the Army Corps of Engineers. Again this year, the Committee is pleased with the Corps' environmental restoration initiatives. The proposal to phase-out the Continuing Authorities program, however, is of particular concern to the Committee. If some or all of these Authorities are no longer considered useful, then proposals for the formal termination of these Authorities should be made to the Environment and Public Works Committee. Given the absence of such proposals, and the absence of any evidence to the contrary, it is the Committee's view that the program has been effective and should be funded at levels sufficient to meet the needs of the local Corps Divisions and Districts.

We appreciate your consideration of our comments and recommendations, and look forward to working with you as the Committee pursues its legislative initiatives this year.

Sincerely,

John Chafee

John H. Chafee
Ranking Minority Member

Quentin N. Burdick
Chairman

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United States Senate
COMMITTEE ON FINANCE
WASHINGTON, DC 20510-6200

March 11, 1991

The Honorable
Jim Sasser, Chairman
Committee on the Budget
U.S. Senate
Washington, D.C.

Dear Mr. Chairman:

Pursuant to section 301(d) of the Congressional Budget Act of 1974, as amended, I am transmitting to you the attached document presenting the views and estimates of the Committee on Finance with respect to the budget for the period of fiscal years 1992 - 1996. I am also enclosing a committee print which provides additional information on matters within the jurisdiction of the Committee on Finance.

Sincerely,

Lloyd Bentsen

Lloyd Bentsen,
Chairman

March 11, 1991

Views and Estimates of the Committee on Finance With Respect to the Budget for Fiscal Years 1992-1996

Overall budgetary situation.--The budget submitted by the President last month and the baseline projections of the Congressional Budget Office each indicate that the Federal budget deficit, as defined by law, will be substantial both in the upcoming fiscal year and over the five fiscal years covered by the budget resolution. CBO projects a baseline on-budget deficit of $354 billion for fiscal year 1992 and approximately $1.3 trillion over five years. The President's budget projects on-budget deficits of $344 billion for fiscal year 1992 and about $1 trillion over five years.

As the Committee with primary legislative responsibility for financing the operations of the Government, the Committee on Finance is keenly aware of the importance of preventing further increases in these massive deficits. At the same time, the Committee recognizes that Congress retains a responsibility to deal with the high priority needs of the nation. Many of the programs within Finance Committee jurisdiction are vital to the health and well-being of the citizens of this country. In addition, the economic outlook at this moment is quite uncertain. Over the past several months, there has been a marked slowing of economic growth and an increase in levels of unemployment. The economic impact of events in the Persian Gulf also contributes to an unusual degree of uncertainty concerning the budgetary outlook for this year.

In this situation, it will be necessary to adopt a reasonably flexible budgetary plan which avoids unnecessary worsening of the deficit but which makes due allowance both for the continuing need to address high priority national needs and for the possibility that actions will be required to promote an economic recovery.

Reconciliation.--The reconciliation process was originally envisioned as a back-up procedure which would only be invoked at the end of the session to "reconcile" budgetary developments to the Congressional budget plan. In recent years, however, reconciliation has tended to become more of a routine occurrence because of the need to address substantial annual deficit reduction requirements. In view of the five-year budget agreement adopted last year and its pay-as-you-go approach, there appears to be no compelling reason to include a reconciliation directive in this year's budget plan. In the absence of such a compelling need, ordinary legislative procedures should be followed to carry out the budget plan. Moreover, the level of economic uncertainty also argues for retaining the greater flexibility which ordinary legislative processes provide. Consequently, the Finance Committee strongly opposes the use of reconciliation instructions in this year's budget resolution.

Revenues.--As indicated above, the Finance Committee believes that there is no compelling reason to include a reconciliation instruction in the budget resolution. We note that the Administration's budget proposals would reduce revenues against the baseline over the five year period under the revenue estimates of the Joint Committee on Taxation as well as of the Office of Management and Budget. The Finance Committee believes that the budget resolution should adopt the baseline revenue levels for the 1992-1996 budget period, rather than the lower revenue levels in the Administration's budget.

The Committee wishes to emphasize that revenue measures are the responsibility of the Finance Committee. Thus, the budget resolution should not instruct other Committees to offset their spending provisions or achieve deficit reduction with revenue provisions in the guise of "user fees".

Medicare.--The Medicare program has borne a substantial portion of deficit reduction legislation enacted in recent years. Of the $495 billion in budget cuts enacted in last year's five year budget agreement, $45 billion was contributed by the Medicare program. CBO estimates that legislation enacted from 1981 to 1990 has resulted in Medicare spending that is 82 percent of what it otherwise would have been.

The Committee strongly recommends that the Congressional budget for fiscal year 1992 not be based on the expectation of further deep reductions in the growth of Medicare spending. In particular, the level of reductions proposed in the Administration's budget for fiscal year 1992 ($2.6 billion in fiscal year 1992, $22.4 billion over the fiscal year 1992-1996 period) is excessive.

While the rate of increase in health care spending is disturbing, the Medicare program cannot continue to absorb deep reductions in its growth without threatening the availability of quality health care services for Medicare beneficiaries. Growth in Medicare spending reflects the rapid rise in health care spending nationally. CBO estimates that during the 1985-1988 period, real spending for Medicare grew 5 percent a year -- the same rate as national health spending. In fact, on a per-person basis, Medicare spending grew more slowly -- 2.9 percent a year in real terms compared with 4 percent nationally. The Committee intends to focus on ways in which the overall problem of rising health care costs might be addressed.

International trade issues.--Pursuant to Section 1103(b) of the Omnibus Trade and Competitiveness Act of 1988, the President submitted on March 1, 1991 a report to the Congress on the extension of fast track procedures for trade agreements. The report stated that, if the fast track legislative procedures are extended , the Administration expects over the next two years to complete the Uruguay Round of multilateral negotiations, to negotiate a North American Free Trade Agreement with Mexico and Canada, and begin consideration of the Enterprise for the Americas Initiative. If legislation is proposed to implement any such agreements, it is likely to reduce revenues arising from U.S. customs duties. This revenue decrease may be offset, however, by increased trade and the economic gains from trade.

In its 1992 budget request, the Administration proposes legislation to terminate both the worker and firm Trade Adjustment Assistance (TAA) programs beginning October 1, 1991. In light of the potential trade agreements under consideration, the Committee does not anticipate acting on such legislation and assumes the Administration will continue to implement the TAA program.

Social Security.--The Budget Enforcement Act removed social security from the budget by providing that the "income and outgo from the receipts and disbursements of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund shall not be counted as new budget authority, outlays, receipts, or deficit or surplus for purposes of--

(1) the budget of the United States Government as submitted by the President,
(2) the congressional budget, or
(3) the Balanced Budget and Emergency Deficit Control Act of 1985."

Although this provision requires social security to be removed from all budgetary totals, the budget resolution is required to show, as a separate item, the appropriate income and outgo of the social security trust funds for purposes of enforcing sections 302 and 311 of the Budget Act relative to the social security program. Inasmuch as the budget reported by the Budget Committee is, in effect, required to follow present law projections as the appropriate income and outgo, no recommendation is needed, especially since the budget resolution totals do not preclude legislative initiatives in this program which, on a net basis, have a neutral impact on the financial status of the program. The Finance Committee is concerned that the budget be drawn in such a way as to accommodate adequate administrative financing for the proper operations of the Social Security Administration. Increasing disability workloads, the impact of a major Supreme Court decision (*Zebley*), and other factors have strained the ability of that agency to fulfill its responsibilities promptly and accurately. The budget should take into account the need to address this situation.

Other areas (including Social Security Act programs).--The programs established by the Social Security Act provide truly vital protection of fundamental economic and health security for the people of this nation. While the nation's economic health requires continued efforts to address the excessive deficits which are undermining our government's finances, the budget process is intended not simply as a blunt tool for budget cutting but rather as a careful instrument to enable Congress to rearrange priorities so as to target available resources on pressing national needs. The Finance Committee believes that there continue to be pressing needs in the areas served by Social Security Act programs. Accordingly, in developing the budget resolution, the Committee on the Budget should attempt to provide such resources as can be made available to permit the Finance Committee to continue to meet the health, income security, and social services needs of the nation's most vulnerable citizens, including children who are poor or disabled. The Committee recognizes that the uncertain overall budget situation makes it difficult at this time to pinpoint the exact amount of resources that can be made available for important initiatives of these types. Because of this situation, the Budget Committee should draw the budget resolution in such a way as to maximize the flexibility of the Finance Committee to address programmatic requirements to the extent that it is able to do so within the overall framework of the budget.

The Budget Enforcement Act of 1990 explicitly endorses the use of reserve clauses in budget resolutions to accommodate initiatives on a pay-as-you-go basis. Such clauses have, in past years, proven to be quite helpful in developing a budgetary plan at a point in the Congressional cycle where it is not feasible to ascertain with certainty the level and nature of resources that can be made available or the exact needs that must be addressed by the initiatives. This becomes an even more important tool under the general pay-as-you-go requirement of the Budget Enforcement Act and in view of the temporary expansion of the budget process to cover a five-year time horizon.

Within the areas addressed by Finance Committee legislation, there appears to be a need for three reserve clauses. One would be a "children's initiative" reserve clause to accommodate likely legislation in such areas as child welfare and child health. A second reserve clause should provide for a "health care initiative" in order to allow for such measures as can be developed to make continued improvements in ongoing health care programs (e.g., Medicare and Medicaid). A third reserve clause should be included to cover any "economic recovery initiatives" that may be or may not be needed in unemployment compensation or other programs depending upon economic developments in the post war period.

The Budget Enforcement Act established statutory caps on the amount available for discretionary appropriations but provided a number of adjustment procedures to accommodate many unavoidable contingencies. The Finance Committee is concerned that these adjustments may not adequately address the workload fluctuations to which the unemployment compensation program is subject particularly in times of rising unemployment. The Committee believes that this issue needs to be addressed.

Public Debt Limit.--The debt limit under existing law is set at $4.145 trillion. This far exceeds the existing level of debt subject to limit and the projected increase in such debt for the remainder of this year and throughout fiscal year 1992. While a further increase will be needed within the five years covered by the budget resolution, no action on the debt limit is appropriate at this time.

Summary.--As in the past, the Committee is prepared to act responsibly pursuant to the directives of the Congress contained in the concurrent resolution on the budget, working together with the other Committees of the Senate. We must emphasize, however, that the Finance Committee will insist on maintaining the flexibility to choose among all available policy options to meet its obligations under the budget process, rather than being limited to any specific set of options.

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United States Senate
COMMITTEE ON FOREIGN RELATIONS
WASHINGTON, DC 20510-6225

March 7, 1991

The Honorable Jim Sasser
Chairman
Committee on the Budget
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

In accordance with section 302(d) of the Congressional Budget Act of 1974, I am writing to present the views and estimates of the Committee on Foreign Relations with respect to the International Affairs budget function for fiscal year 1992.

As recent events in the Persian Gulf demonstrate so graphically, the transition from the "Cold War" to a more stable and peaceful world is fraught with many difficulties. Therefore, it is essential that the full level of discretionary budget authority for the International Affairs function agreed to in the Budget Summit last September be maintained so that the U.S. will be able to meet the unprecedented challenges that lie ahead.

Having said that, I believe there should be a reordering of the priorities reflected in the Administration's request. The Iraqi invasion of Kuwait, and the subsequent successful reversal of this aggression by coalition forces under the leadership of the United States, demonstrates the necessity for addressing the serious problem of the proliferation of conventional arms and weapons of mass destruction. As a consequence, the United States should take the lead in bringing under control and significantly reducing the international arms trade. Therefore, I anticipate shifting resources from military to economic assistance, particularly development aid, during the Committee's consideration of foreign assistance programs. In so doing, the Committee will ensure that legitimate security interests of the United States and our friends and allies around the world will be protected.

The Administration's fiscal year 1992 request for the International Affairs function does not take into consideration the additional international demands and challenges facing our nation and the global community in the coming months. While the military component in dealing with the Iraqi invasion hopefully has been completed, it remains unclear as to what may be the pace of events that will shape the future of this highly volatile region. If the past is any indication, additional resources beyond what the Administration has requested, may be required to assist in the tortuous process of finding viable and permanent solutions to the region's problems.

The Administration's request does not take into consideration the possibility of a United Nations-sponsored settlement in Cambodia and the potentially significant financial resources that may be required for successful resolution of that problem.

Secretary of State James Baker pointed out in testimony before the Committee last December that it was important for the U.S. and our allies to resolve the Persian Gulf crisis as quickly as possible in order for us to focus on more pressing problems such as democratization in Eastern Europe. I agree with his assessment that the U.S. should be a more active participant in assisting the countries of Eastern Europe in their democratic development. However, the success or failure of these efforts will depend on the degree to which the basic economic and political needs of their citizens are met. As experience in other areas of the world has demonstrated, the biggest obstacle to democratization often has been the lack of sufficient resources to meet basic human needs. It is critical to U.S. interests that we work closely with our friends and allies in Western Europe and Japan to insure that this will not be the fate of the peoples of Eastern Europe.

In sub-Saharan Africa, there is a growing trend toward multiparty systems and democratic forms of government. African leaders are increasingly taking responsibility for solving their own problems, both political and economic. These developments should be supported with continued meaningful financial resources.

While considerable attention has been given to events in the Middle East, Eastern Europe, and the Soviet Union, we are concerned that the U.S. not be distracted from the necessity of dealing with the problems of our friends in our own hemisphere. Over the course of the past decade, there has been a remarkable transformation in Latin America from dictatorship to democracy. However, the democratization process is threatened by the serious economic problems facing virtually every country of Latin America. During the past decade, our government has spared little expense in rolling back, or challenging, revolutionary movements spawned in large part by serious internal economic inequities. Therefore, the U.S. should pursue with the same sense of urgency a resolution of serious economic problems that can be found, with few exceptions, among most Latin American nations. In this connection, it is critical that U.S. policy prescriptions focus as much on the social equity issues as on the economic reform questions.

The success of the coalition arrayed against Iraq in the Persian Gulf could not have occurred had it not been for the exceptional role played by the United Nations. The role of the United Nations in this crisis was one envisaged by its creators and bodes well for the future. However, it is time for this institution to be placed on a sound financial footing. Therefore, I view as an urgent priority approval of the Administration's request for the full payment of all U.S. arrearages to the U.N.

As we undertake the process of shifting from a military to an economic emphasis in our foreign assistance programs, priority consideration will also be given to increasing U.S. contributions to the United Nations voluntary programs, such as UNDP, UNICEF, and UNEP. Increases in these programs will be offset by proposed decreases in military-related programs.

The current situation in the Soviet Union and particularly the drive of the Baltic States and other Soviet republics for independence is very uncertain. This environment requires ongoing broadcasting by Radio Liberty and relevant parts of Radio Free Europe. These are jeopardized by the weakening dollar, which has created an unfavorable exchange rate with the Deutsche mark. It is important to assure that there is adequate funding for the operation of these two stations at this critical juncture in the struggle between the forces of reform and reaction in the Soviet Union.

Finally, the Moscow Embassy issue has been resolved to the satisfaction of the Committee. Completion of the embassy site will require significant resources.

I appreciate your consideration of the above views.

With every good wish.

Ever sincerely,

Claiborne Pell
Chairman

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United States Senate
COMMITTEE ON
GOVERNMENTAL AFFAIRS
WASHINGTON, DC 20510-6250

March 11, 1991

The Honorable Jim Sasser
Chairman
Committee on the Budget
United States Senate
Washington, D. C. 20510

Dear Mr. Chairman:

Pursuant to your letter of February 15, I am submitting my views with respect to federal spending in the jurisdiction of the Governmental Affairs Committee and the Administration's proposed Fiscal Year (FY) 1992 budget.

As Chairman of the Committee, I am deeply concerned about the size of the deficit. Last year, this Committee received instructions to reduce the federal budget deficit by $2.165 billion in FY 1991 and $14.35 billion over five years (FY 1991-1995). The Committee exceeded those instructions and reported $2.322 billion in deficit reduction for FY 1991 and $14.485 billion in deficit reduction for fiscal years 1991-1995, which was enacted as part of the Omnibus Budget Reconciliation Act of 1990. These savings were achieved through Civil Service Retirement, Postal Service and general government reforms.

The Budget Enforcement Act of 1990 requires all legislation that reduces revenues or increases direct spending to be offset by revenue increases or spending decreases. The President's FY 1992 budget offsets all proposed spending increases and tax cuts with additional deficit reduction measures. With regard to direct spending under the jurisdiction of this Committee, you can be assured that I will do my utmost to ensure that the Committee complies with the "pay-as-you-go" system. The President's budget addresses four areas of concern to the Committee: 1) imposition of a new $990 million liability on the United States Postal Service; 2) a reduction in the Revenue Forgone appropriation; 3) a reduction in the government's share of the cost of the Federal Employee Health Benefits Program (FEHBP); and 4) federal pay.

United States Postal Service

The Omnibus Budget Reduction Act of 1990 requires the Postal Service to pay the federal government $4.7 billion over the next five years in order to fund Civil Service Retirement COLAS and Federal Employee Health Benefits for retirees and their survivors who retired after enactment of the Postal Reorganization Act of 1971. The President's budget proposes that the Postal Service produce another $990 million in order to pay accrued interest payments on these prior liabilities that were picked up by the Postal Service last year. According to the President's budget, this additional liability "would accrue from the calculated date of the original liability," as far back as 1971.

Last year, this Committee attempted for once and all to eliminate any hidden personnel subsidies to the Postal Service. We said that we were putting this issue to rest. And, that is what we did. And, this is why the Postal Service is paying $4.7 billion as a result of last year's budget bill. The Administration's proposal is ill-conceivedand the Committee opposes it.

The Administration's budget proposes an arbitrary cap of $183 million for revenue forgone -- this would cut its' current appropriation by 63 percent, from $492 million to $183 million. This Committee has repeatedly rejected previous Administration proposals to eliminate or drastically cut the special mailing rates long available to charitable and benevolent organizations. The Administration also proposes $113 million in preferred rate "reforms." These "reforms" are the same as were proposed in last year's budget. They were considered and certain new restrictions on preferred rate eligibility were enacted into law. (P.L. 101-509)

Moreover, events have overtaken the President's budget proposal. As a result of the general postal rate increase which took effect in February, the Postal Service has requested a supplemental revenue forgone appropriation of $97,276,000 for fiscal year 1991 and a budget amendment asking for an additional $88,523,000 in fiscal year 1992. If the Congress does not provide a sufficient appropriation in any particular year for non-profit mailers, the Postal Service is empowered by law (39 U.S.C. 3627) to raise the preferred rates to the level necessary to make up the funding short-fall.

If the President's budget proposal were adopted, the following rate increases could be expected:

Types of Mail	Postage Increase
In County Rural Newspapers	16%
2nd-Class Nonprofit Church Bulletins, Veterans' Magazines, University Publications	14.5%
3rd-Class Nonprofit Fundraising letters (e.g. Salvation Army, Crippled Children's Society American Cancer Society)	33%

In conclusion, we would like to point out that the revenue forgone appropriation is not an operating subsidy for the Postal Service. It is a long-standing Congressional policy that certain mailers -- e.g. churches, charities, in-county newspapers, educational institutions and veterans' organizations -- should not pay the full rate.

Federal Employee Health Benefits Program

In previous budget battles, the Congress has repeatedly rejected Administration proposals to reduce federal spending for the Federal Employees' Health Benefits Program (FEHBP) by reducing the government's contribution for health insurance and requiring employees and retirees to pay more out of their pockets. This year, the President's budget proposes a back-alley scheme to reduce the government's contribution by $800 million by arbitrarily cutting the FEHBP "baseline" in FY 1994. The Office of Management and Budget would justify this change by assuming that the Congress will pass legislation to change the formula for calculating the FEHBP government contribution. There is no basis in fact for assuming that this Committee would report legislation, changing the formula, that would the government's contribution to FEHBP by 4 percent. The Committee would like to point out that two years ago, a study was conducted on the FEHBP by the staff of the Congressional Research Service, the Congressional Budget Office and the General Accounting Office. That study concluded that federal payments for health insurance premiums for the average FEHBP enrollee were approximately $1,100 (28%) less than employer payments for health plans for typical private sector counterparts.

Federal Civilian Pay

The President's budget proposes a 4.2 percent pay raise for federal civilian employees. We are pleased that the President is planning, at this time, to meet the terms of The Federal Employees Pay Comparability Act of 1990 -- which originated from this Committee -- and provide a General Schedule salary increase equal to the Employment Cost Index (ECI). However, we also appreciate that the President has until September 1, 1991, to amend his recommendation. It is our expectation that the President will not change his mind and will keep with the spirit of this law.

Sincerely,

John Glenn

John Glenn
Chairman

WILLIAM V. ROTH, JR.
DELAWARE

104 HART SENATE OFFICE BUILDING
TELEPHONE: 202-224-2441

United States Senate
WASHINGTON, DC 20510

COMMITTEES:
GOVERNMENTAL AFFAIRS
FINANCE
BANKING, HOUSING AND URBAN AFFAIRS
JOINT ECONOMIC COMMITTEE

March 11, 1991

The Honorable James Sasser
Chairman
Committee on the Budget
United States Senate
Washington, D.C. 20510

The Honorable Pete Domenici
Ranking Republican Member
Committee on the Budget
United States Senate
Washington, D.C. 20510

Dear Jim and Pete:

As the Ranking Republican Member of the Committee on Governmental Affairs, I am submitting my views with respect to Federal spending in the Committee's jurisdiction in accordance with the Congressional Budget Act.

As the Ranking Member of the Committee, I am deeply concerned about the size of the Federal deficit. As you know, the Committee on Governmental Affairs reported legislation last year as part of the Omnibus Budget Reconciliation Act of 1990 which reduced the budget deficit by more than $14 billion. Despite these efforts, the budget deficit continues to grow. It is my strongest hope that the 1990 Budget Enforcement Act, including the establishment of a "pay-as-you-go" system, will help stem the unabated growth in Federal spending.

Given the large amount of direct spending under the jurisdiction of the Governmental Affairs Committee, you can be assured that I will do my best to ensure that no bill is reported which violates the new spending rules.

As the Budget Committee begins its consideration of the FY 1992 Budget Resolution, I would like to bring to your attention two bills I have introduced which have been referred to the Governmental Affairs Committee. Both of these bills involve direct spending accounts.

The first is S.171, the Federal Employees' Optional Early Retirement Act. This legislation establishes a 60-day early retirement window for Federal employees and places a five year hiring freeze on the number of positions of those employees who retire during the window period. It is my desire that this legislation comply with the new "pay-as-you-go" requirements and I look forward to working with the Budget Committee in an effort to accomplish that goal.

In addition, I have introduced S.311, the Federal Employees' Long-Term Care Insurance Act. This legislation will establish a long-term care insurance option for Federal employees, providing them an extra degree of security during their retirement years. Employees with more than 10 years participation in the Federal Employee Group Life Insurance plan will have the option to convert a portion of their life insurance to long term care insurance. Employees who do not convert a portion of their life insurance to long-term care insurance will be still be eligible to participate in the program, but will be required to pay the full share of the premium. Given this premium structure, there is no additional direct spending associated with this bill and it complies with the Budget Enforcement Act.

The President's FY 1992 budget makes several recommendations to reduce direct spending in programs under the jurisdiction of this Committee. These recommendations include requiring the Postal Service to pay a larger share of the costs for health benefits and cost-of-living adjustments for post-1971 retired postal employees and their survivors, and reducing the Postal Service revenue forgone authorization for subsidized mail. Given last year's budget reconciliation law, I view these proposals with concern.

It is important to note that the President's budget does not request any significant reductions in Federal employee health or retirement benefits in the immediate future. I am concerned, however, that the President's baseline estimate for the Federal Employees' Health Benefit Program assumes a change in the calculation of the government's contribution to employee health premiums beginning in FY 1994. I am very concerned that this change will be used to justify shifting a greater burden onto employees.

If the Congress does pursue a reconciliation bill, I believe such efforts should take into consideration previous changes in Federal employee and retiree health and retirement benefits. The President's budget make a strong step in this direction compared to previous submissions.

Again, I believe it is vitally important that the Congress reduce the deficit through reduced spending. I believe there is ample room for deficit reduction in all areas of the budget and all Committees should share in this effort.

I look forward to working with you throughout the year.

Sincerely,

Bill Roth

William V. Roth, Jr.
United States Senator

JOSEPH R. BIDEN, Jr., DELAWARE, CHAIRMAN

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AND STAFF DIRECTOR

United States Senate
COMMITTEE ON THE JUDICIARY
WASHINGTON, DC 20510-6275

March 11, 1991

The Honorable Jim Sasser
Chairman
Committee on the Budget
United States Senate
Washington, D.C. 20510

The Honorable Pete V. Domenici
Ranking Minority Member
Committee on the Budget
United States Senate
Washington, D.C. 20510

Dear Jim and Pete:

In response to your letter of February 15, 1991, and pursuant to the provisions of the Congressional Budget Act, as amended, a majority of the Senate Committee on the Judiciary has prepared the following views and estimates for programs under the committee's jurisdiction for fiscal 1992.

A majority of the committee recommends $2.3 billion above the President's fiscal 1992 budget request, primarily for initiatives to fight violent crime and drug trafficking. The majority believes that these initiatives are absolutely critical in the nation's effort to stem the deadly rise of violent crime and drug abuse, particularly to assist state and local law enforcement agencies.

I urge the Budget Committee to incorporate the necessary spending for these new initiatives in the Fiscal 1992 Budget Resolution. If I can be of further assistance, please do not hesitate to contact me.

Sincerely,

Joseph R. Biden, Jr.
Chairman

Enclosure: as stated.

I. NARRATIVE

A majority of the Committee on the Judiciary recommends $16.8 billion in spending for Administration of Justice programs (Function 750) under the jurisdiction of the committee in fiscal 1992. This figure is $2.3 billion above the President's fiscal 1992 budget request and $3.2 billion above the preliminary Congressional Budget Office baseline estimate for fiscal 1992.

Most of the increases proposed by the committee are aimed at new initiatives to reduce the deadly rise of violent crime and drug trafficking in this country. The President's fiscal 1992 budget proposes responsible increases in funding for federal law enforcement agencies, including the Drug Enforcement Administration, Federal Bureau of Investigation, United States Attorneys, Organized Crime/Drug Enforcement Task Forces, Federal Prison System and the U.S. Marshals Service. The committee strongly endorses the proposed increases in the President's fiscal 1992 budget.

The majority believes, however, that the President's request is inadequate in its response to the problems of violent crime and drug trafficking that continue to plague the nation. Significant increases are proposed to boost federal aid to state and local law enforcement agencies -- the "front line" in the fight against drug trafficking and violence. New efforts are needed to address the problems of rising gang violence, while additional resources need to be devoted to often-overlooked problem of rural crime and drug trafficking. Finally, new funding is needed to address the serious problem of violence against women.

II. RECOMMENDED CHANGES

A. New Initiatives

1. State and Local Law Enforcement

The majority recommends approximately $560 million above the President's fiscal 1992 request for federal aid to state and local law enforcement agencies through the Office of Justice Programs in the Department of Justice. The new funds are needed specifically to boost the Drug Enforcement and System Improvement Grant program (the so-called drug enforcement block grants) to $1 billion. An additional $50 million is also needed for federal aid to rural law enforcement agencies.

2. Federal Law Enforcement Agencies

The majority recommends approximately $160 million above the President's fiscal 1992 budget request for federal law enforcement agencies. The proposed increases above the President's budget include: $67 million for the FBI; $46 million for the DEA; $26 million for assistant United States Attorneys; and $26 million for the Organized Crime-Drug Enforcement Task Forces.

3. Violence Against Women

The majority recommends approximately $500 million in new spending for efforts to combat violence against women. These funds would be used to boost the state and local law enforcement efforts, increase victim assistance programs and expand battered women shelters. A detailed Congressional Budget Office cost estimate of these proposals is contained in the report on S.2754, the Violence Against Women Act, in the 101st Congress.

4. Youth Gangs and Juvenile Justice

The majority recommends approximately $264 million above the President's budget request for fiscal 1992 for new initiatives aimed at preventing youth gang violence and juvenile delinquency. At least $200 million is needed to expand existing law enforcement, juvenile justice and social service programs. The remaining $64 million is needed to maintain the current level of activities in the Office of Juvenile Justice and Delinquency Prevention, which the President virtually has proposed to eliminate (see discussion, supra, of rejection of Administration's proposed budget cuts).

5. Terrorism

The majority recommends approximately $75 million above the President's fiscal 1992 request for programs aimed at preventing and punishing violent terrorist acts. Fifty million dollars are needed to expand the counter-terrorism efforts of the FBI, State Department and other federal agencies. The remaining $25 million is needed to augment the counter-terrorism capabilities of state and local law enforcement agencies.

6. Drug Emergency Areas

The majority recommends approximately $250 million above the President's fiscal 1992 request for federal aid to the areas that have been hardest hit by drug trafficking and related violence. The Administration's plan to spend $50 million among five high-intensity drug trafficking areas is inadequate to make a significant dent in the drug trafficking and abuse situation in these areas. The majority recommends a total annual expenditure of $300 for hard-hit areas, including an expansion in the number of areas eligible for expedited federal aid.

7. Police Corps

The majority recommends approximately $400 million to implement a proposed National Police Corps training program modeled after the military's Reserve Officer Training Corps (ROTC) program.

8. Treasury Department Agencies

The majority recommends approximately $55 million above the President's request for the law enforcement components of the Treasury Department. Additional funding for the Bureau of Alcohol, Tobacco & Firearms is needed to halt the flow of illegal weapons to foreign drug cartels. Additional funding to support the Internal Revenue Service efforts to investigate the financial dealings of drug traffickers and other criminal organizations.

9. Federal Judiciary

The majority recommends approximately $40 million more than the President's request for the federal judiciary. The additional funding is needed to implement the comprehensive civil justice reform package which became law in 1990. Additional funding is also sought to help the federal judiciary handle the ever-increasing workload associated with drug cases.

10. Meeting the Needs of Crime Victims

The majority recommends that the current $150 million "cap" on deposits into the Crime Victims Fund (42 U.S.C. 10601). The Victims' Fund, which is financed through fines levied against persons convicted of federal crimes, provides compensation and assistance to federal, state and local crime victims. Removing the cap will increase the amounts available for victims compensation and assistance by an estimated $25 million (the exact figure cannot be determined, since fiscal 1992 collections to the fund are determined fines and settlements in federal criminal cases that will be resolved during the fiscal year).

B. Proposed cuts in Administration Budget

The President's fiscal 1992 budget request proposes a number of proposed cuts and "consolidations" that the majority strongly opposes.

1. Office of Juvenile Justice and Delinquency Prevention

The Administration has proposed to cut more than $64 million from the Office of Juvenile Justice and Delinquency Prevention (OJJDP), an 80 percent reduction in the agency's total budget. The majority believes the proposed cuts are misguided. Juvenile crime and drug trafficking continue at alarming rates. The Administration acknowledges that 90 percent of juvenile offenders in institutions have substance abuse problems. Rather than cutting back on initiatives to prevent juvenile gangs, drug activity and delinquency, the committee believes such efforts should be expanded, as proposed above, to prevent young offenders from becoming hard-core violent criminals as adults.

2. Regional Information Sharing Systems

Once again, the Administration has targeted the Regional Information Sharing Systems (RISS) for budget cuts. Specifically, the Department of Justice has proposed to cut funding for the RISS projects to $10 million and has proposed that this reduced level of funding come out of the state and local drug enforcement block grants. These proposals directly contradict the direction Congress took on the RISS projects in the Anti-Drug Abuse Act of 1988, which established the RISS projects as a separate program in the Department of Justice. The majority believes that the current level of funding for the RISS projects should be maintained or expanded, that the appropriation should not come out of the drug enforcement block grant program and that participating agencies should not be required to match federal funds.

3. National Crime Information Center

The Administration has also proposed to cut federal aid to state and local assistance by attempting to use drug enforcement block grant funds to pay for the upgrade of the FBI's National Crime Information Center. The majority strongly supports the NCIC 2000 project, having initiated and approved a five-year authorization for the program in the 1990 Crime Control Act. However, attempting to shift the burden for the NCIC 2000 project to state and local agencies ignores the fact that _federal_ agencies are the single largest user of the NCIC system. The $22 million for NCIC 2000 proposed by the Administration should be fully appropriated; however, the funds should not be taken from state and local law enforcement aid.

III. Table of Committee Views and Estimates Programs under jurisdiction of the Senate Committee on the Judiciary

(billions of dollars)

	Revised 1992 CBO Baseline	President's 1992 Request	Committee 1992 Recommendation
Function 750 Administration of Justice	$13.6	$14.5	$16.8

EDWARD M. KENNEDY, MASSACHUSETTS, CHAIRMAN

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KRISTINE A. IVERSON, MINORITY STAFF DIRECTOR

United States Senate
COMMITTEE ON LABOR AND
HUMAN RESOURCES
WASHINGTON, DC 20510-6300

April 3, 1991

The Honorable James Sasser
Chairman
Committee on the Budget
United State Senate
Washington DC 20510

Dear Chairman Sasser:

The attached material describes the changes to the CBO baseline projections that will be necessary to implement high priority programs and initiatives within the jurisdiction of the Labor and Human Resources Committee.

Our initiatives increase CBO baseline projections in existing programs by $2.2 billion in outlays in 1992. This request reflects the judgement by the Labor Committee of the resources necessary to redress years of neglect of pressing national needs and to begin to develop a strategy that will assure a stronger and more prosperous future for America. In many cases, these proposals are bipartisan requests developed by the relevant subcommittee chairman and ranking member.

Our letter asks you to leave room in the Budget Resolution for two new programs that we believe will be in place for FY 1992. One of these initiatives is to establish a universal health insurance program for all Americans. Only the first phase of the program would need to be included in the budget resolution.

We also request that you include Head Start in any reserve fund established by the Budget Committee. We propose to change Head Start from a discretionary program into an entitlement program in order to make this cost-effective, successful program available to all eligible children.

As members of the Labor and Human Resources Committee, we are requesting funding for programs within our jurisdiction that are designed to address some of the major domestic problems faced by our country. Providing early intervention services for our children, critical health issues, access to education, eliminating the AIDS crisis and ensuring that our elderly population has access to human services are only some of the critical investments in our nation's future.

We recognize that the future stability of our country depends on effective measures to reduce the federal deficit. Many of the programs that we discuss in the attached document are cost-effective responses to the problems they address.

We look forward to working with the Budget Committee in developing a budget resolution that reduces spending in a fiscally prudent manner.

Sincerely,

Edward M. Kennedy
Edward M. Kennedy

Claiborne Pell
Claiborne Pell

Howard M. Metzenbaum

Chris Dodd
Christopher J. Dodd

Paul Simon

Tom Harkin
Tom Harkin

Brock Adams
Brock Adams

Barbara A. Mikulski
Barbara A. Mikulski

Paul David Wellstone
Paul D. Wellstone

Committee on Labor and Human Resources
Narrative on Recommended Spending Levels

Current Programs

Children and Family

Proposal A: Headstart -- $1 billion above baseline (1992)

Head Start is one of the nation's most important and successful social programs. For every dollar spent on Headstart, the federal government saves $5 on reduced special education and welfare costs. However, it remains seriously underfunded and fails to serve 2 out of 3 eligible children. Increasing funding of this program by $1 billion in 1992 will allow the program to serve a total of 780,000 children or 40% of the income eligible population. The Committee is particularly concerned that this increase falls far short of the authorized target figure. It remains the Committee's intent to ensure that all income eligible 3-5 year olds receive Headstart by the year 1994. The Committee proposes to change Head Start from a discretionary into an entitlement program and therefore has not provided specific numbers beyond 1992.

Proposal B: Child Care -- $64 million above baseline (1992)

The Child Care Act has established a national program for making affordable, quality child care available to low income and working families. Child care plays a critical role in encouraging and maintaining workforce participation and self-sufficiency. It provides a safe and appropriate environment for young and school age children. As the availability of child care still falls short of the demand, we request an increase of $64 million in funding, in order to meet the authorization target.

Proposal C: Coordinated Services -- $140 million above baseline (1992)

Comprehensive health and support services for children and families are provided through the Family Support Centers re-authorized in PL 101-645, and the

Comprehensive Child Development Centers (CCDC), the Young Americans Act state coordination grants and Family Resource and Support Programs authorized in PL 101-501. Services are intended to provide early intervention and support services necessary to stabilize the home environment, facilitate parental education and employment skill development and prevent homelessness. One stop shopping programs maximize efficiency and effectiveness by locating the full range of necessary services in a single locality. Coordination increases access and reduces bureaucracy.

$24 million was appropriated for CCDC; no money was appropriated for Family Support Centers, state coordination grants or Family Resource and Support program grants in 1991.

Proposal D: Child Abuse Prevention and Treatment -- $140 million (1992)

The Child Abuse Prevention and Treatment Act will be reauthorized this year. Child abuse reports continue to rise at a rate so alarming that it has been called a "national emergency" in a recent report by the U.S. Advisory Board on Child Abuse. Thus, a major expansion of federal efforts in this area is critical. This new initiative will significantly increase federal support for innovative and effective child protective services programs. It will also include new grants to states for community-based prevention programs, which will enable early identification and either intervention or treatment for families who are at risk or are experiencing child abuse.

EDUCATION

Proposal A: National Service -- $40 million above baseline (1992)

Last Congress, the National Community Service Act was enacted into law. Through the programs authorized by this law, between 750,000 and 1 million people will volunteer, providing more than 100 million hours of service on projects in their states and local communities. We request the fully authorized level of funding for this program in fiscal year 1992.

Proposal B: Pell Grants -- $750 million above baseline

The Pell Grant program provides financial assistance to financially needy college students. A $750 million increase in the Pell Grant appropriation will allow it to increase its maximum award and help students meet rising college costs.

Proposal C: Campus-based programs (SEOG, College Work-Study, TRIO) -- $150 million above baseline (1992)

These programs provide financial assistance to colleges to help financially needy students meet college bills and to enable the colleges to provide supplemental services to disadvantaged students to help them enroll in and complete postsecondary education. A $150 million increase will help these popular and highly successful programs increase access to higher education.

Proposal D: Chapter One -- $1 billion above baseline (1992)

This is the most important federal education program serving economically disadvantaged students. A $1 billion increase in the Chapter One program will enable the program to serve another 1 million eligible children and maintain the commitment in the Hawkins-Stafford Elementary and Secondary Education Act of 1988 to increase funding every year until all eligible children are served.

Proposal E: National Science Foundation Research and Construction -- $40 million above baseline (1992)

The nation must have high quality academic research facilities to conduct world class research. Many of the research facilities at the nation's colleges and universities were built in the 1960's and have become obselete or need major renovation and repair if they are to be state of the art for today's research. As a result, we request that the Budget Committee allocate $40 million to continue and expand the Academic Facilities Program that was established in 1988.

Proposal F: Vocational and Adult Education -- $200 million increase above baseline (1992)

The President and the Governors have committed the nation to achieving universal literacy for all Americans by the year 2000. We have a long way to go -- more than 20 million Americans are illiterate. A $200 million increase for this program will make adult literacy a major priority in the federal education budget and begin the work that is necessary if the nation is to achieve this important education goal.

Proposal G: Education of Individuals with Disabilities (Special Education) -- $325 million increase above baseline (1992)

This program provides financial assistance to state and local school systems to help them meet the costs of providing equal educational opportunities to school children with disabilities. The $325 million increase over baseline will help states and local schools implement the programmatic changes made by the reauthorization of the Education for Individuals with Disabilities Act in 1990. That bill emphasizes early intervention programs for handicapped infants and the entitlement of services for preschool handicapped children.

It also incorporates the anticipated changes in the 1991 reauthorization of Part H which addresses the needs for early intervention programs for handicapped infants and toddlers, which is phased in by the states over several years. The Committee's request reflects additional funds needed as new states reach full implementation of the Part H programs.

Proposal H: Vocational Rehabilitation -- $25 million increase above baseline

The Vocational Rehabilitation program provides grants to states to help persons with physical and mental disabilities become gainfully employed. An increase in funding of $25 million above baseline represents a modest increase over minimum entitlement increase required by law.

HEALTH

Proposal A: AIDS CARE -- $371 million above baseline (1992)

The AIDS Care disaster has pushed urban health care systems to the brink of collapse and continues to expand in both urban and rural areas. Despite broad bipartisan support for this landmark program, it is currently funded at approximately 25% of its authorized level. This increase will allow the currently funded disaster cities to keep pace with their burgeoning caseloads as well as provide new relief to the two new cities which have recently passed the 2,000 case eligibility cutoff. In addition, these funds will provide additional resources to all states in order to increase their ability to respond to the epidemic.

Proposal B: ADAMHA Block Grant -- $200 million above baseline (1992)

There is a need for a additional substance abuse treatment services -- currently only one out of eight people who need treatment receive it. The Institute of Medicine recently concluded that treatment is highly cost effective and recommended that an additional $2 billion be spent each year to provide treatment to all addicts who need and would benefit from it.

The Administration proposal to create a new $99 million categorical block grant program for capacity expansion is commendable but falls far short of what is needed. In addition to the capacity expansion program, federal support for substance abuse treatment should be augmented by increasing the ADMS block grant by $200 million. This would provide treatment to approximately 100,000 more addicts than are currently served.

Proposal C: National Institutes of Health -- $500 million above baseline (1992)

This recommendation would raise the success rate for new and competing grants from 26% in the President's budget to 30%. It would begin to put the grant system back on track after the steep drop of last year when it dropped to its lowest level of 23%.

Our recommendation would bring the NIH training program to the current services funding level. It would also increase the budget of the National Cancer

Institute to bring it closer to its 1980 level, fund the new Center for Rehabilitation Research at the National Institute for Child Health and Human Development, as well as extramural centers for contraceptive and infertility research.

Proposal D: Disease Prevention and Health Promotion Programs -- $500 million above baseline (1992)

Less than one percent of the over $750 billion that the United States will spend on health care this year will be invested in keeping people healthy. Federal prevention programs administered through the Centers for Disease Control are woefully underfunded. Many programs such as breast and cervical cancer prevention, lead poisoning prevention, disabilities prevention and comprehensive school health education reach a fraction of the states and serve a minority of those in need. A $500 million increase would enable these programs to expand to every state and significantly increase access to critical preventive health services, saving many lives and spending for acute health care in the years to come.

Proposal E: Older Americans Act -- $70 million above baseline (1992)

The Older Americans Act is the major vehicle for the organization and delivery of supportive, nutrition, and other social services to older persons. It authorizes a wide array of services, such as home-delivered and congregate nutrition programs, in-home services for frail elders among others. The Act supports the sole federally sponsored job creation program benefitting low-income older persons and is a major source of funding for training, research and demonstrations.

The Committee intends to amend the Act to focus on: better targetting services to elderly with the greatest need, preventive health services, elder abuse prevention and intergenerational services. The Committee opposes the President's recommendation that the older workers program be reduced in FY1992. The Committee seeks increased funding for the in-home services for frail elders and caregivers, abuse and ombudsman services, preventive health, nutrition, R&D, and services to American Indian elders.

LOW INCOME

Proposal A: McKinney Homeless Act -- $85 million above baseline (1992)

The McKinney program provides a range of critically important services to homeless children and families. According to a recent survey done by the US Conference of Mayors, homelessness is on the rise in the vast majority of our inner cities. In addition, the largest growing homeless population are families with children. The Committee opposes the President's recommendation that education, training, and substance abuse programs for the homeless be combined into a block grant, reduced

by nearly 10% and transferred to HUD. The Committee recommends that these programs be increased in funding and that they remain within the agencies with the appropriate expertise necessary to make them work. The Committee seeks increases in health and mental health programs and new services for children and families, including outreach (using medical units) and primary health services for homeless children.

The Committee also seeks funds for the expansion of education for homeless children and youth authorized as part of the McKinney reauthorization. This will provide direct educational support services to redue barriers to homeless children enrolling and succeeding in school.

Proposal B: Low Income Home and Energy Assistance Program (LIHEAP) -- $150 million above baseline (1992)

LIHEAP falls far short of meeting the need. With the uncertainty of oil prices, as well as the recession, this program becomes even more critical for the millions of Americans who depend on it for heat and electricity. The Committee vigorously opposes the President's recommendation that this program be cut nearly in half and transferred to the states as part of the new block grant program. The Committee recommends that the program receive a $150 million increase and shift over to the forward funding scheme authorized in PL 101-501. Forward funding will ensure that the states can operate their programs in an orderly fashion and ensure that they have sufficient resources during the winter months.

** **Community Services Block Grant (CSBG)** -- the Committee seeks current services ($406 million) for this program and it therefore, does not appear on the chart. However, we do wish to flag for the Budget Committee that the Administration has proposed elimination of this vital program.

LABOR

Proposal A: Job Training Partnership Act (JTPA) -- $300 million above baseline

Title II of the Job Training Partnership Act provides critical job training services to economically disadvantaged adults and youths facing multiple barriers to employment, yet the program is currently serving less than five percent of the eligible population and funding has remained stagnant since the program's inception in 1983. Prior to FY 1992, the Committee anticipates that Congress will enact proposed amendments to Title II to better target the Act's services to the least job-ready individuals and to require more comprehensive long-term services, with an emphasis on basic education. While these reforms will strengthen the services provided under the Act, they will also result in higher program costs per participant, further reducing the number of participants who could be served at baseline funding levels.

This modest proposed increase of $300 million would enable employment and training services to be provided to more than 100,000 additional disadvanteaged adults and youth, and provide $50 million for a new youth initiative, Fair Chance, to create community partnerships and comprehensive programs to address the multifaceted needs of disadvantaged youth living in targeted high poverty areas.

Proposal B: Economic Dislocation and Worker Assistance Act -- (EDWAA) -- $118 million above baseline

When EDWAA was enacted in 1988, Congress and the Administration agreed that $980 million was needed to provide job training and job search assistance to assist the nearly two million workers who lose their jobs each year due to plant closings, changes in technology and other shifts in the economy. Since that time, defense cutbacks and the current economic recession have dramatically increased the number of dislocated workers eligible to receive services under the Act, yet the program is currently funded at only $527 million.

This increase in funding for dislocated worker programs will help to prevent the burden of adjustment from falling entirely upon the workers, lessen the adverse impact their unemployment has on local and regional economies, and minimize the loss of human capital that results from dislocation.

NEW INITIATIVES

Proposal A: Maternal and Child Health -- $275 million (1992)

This increase in funding will provide for two new initiatives. The first will increase the availability and coordination of maternal and child health through an expansion of the community health center one stop shopping perinatal program. This legislation would increase access to comprehensive prenatal care including substance abuse treatment, and smoking cessation programs which have been shown to reduce infant mortality and low birth weight deliveries. Immunization among young children will be increased through bulk purchasing of vaccines for public health departments and community health centers, and through demonstration grants to develop and evaluate methods for the screening, referral and immunization of children up to two years of age in low-income and high-risk areas.

The second initiative will create a continuum of services for the long-term and varied needs of children and families where substance abuse is present. This comprehensive approach will consist of Children of Substance Abusers (COSA) services, training for professionals who work with COSAs, and home visiting for at-risk families.

Proposal B: Universal Health Care

The first phase of a universal health insurance program would permit coverage of all uninsured workers and their families and all low income children. The small business insurance market would be restructured, and measures to control health care costs would be instituted. The earliest possible first full year of the program would be FY 1993.

SUMMARY OF COMMITTEE ON LABOR AND HUMAN RESOURCES PROPOSALS FOR FISCAL YEAR 1992 BUDGET CURRENT PROGRAMS AND PLANNED INITIATIVES

CURRENT PROGRAMS

Children and Family

Proposal A: Head Start
Proposal B: Child Care
Proposal C: Coordinated Services
Proposal D: Child Abuse Prevention and Treatment

Education

Proposal A: National Service
Proposal B: Pell Grants
Proposal C: Campus-based programs (SEOG, College Work-Study)
Proposal D: Chapter One
Proposal E: National Science Foundation Research and Construction
Proposal F: Adult Education
Proposal G: Education of Individuals with Disabilities
Proposal H: Vocational Rehabilitation

Health

Proposal A: AIDS CARE
Proposal B: ADAMHA Block Grant
Proposal C: National Institutes of Health
Proposal D: Disease Prevention and Health Promotion Programs
Proposal E: Olders American Act

Low Income

Proposal A: McKinney
Proposal B: LIHEAP

Labor

Proposal A: JTPA
Proposal B: Economic Dislocation and Worker Adjustment

NEW INITIATIVES

Children and Family

Proposal A: Maternal and Child Health

Health

Proposal A: Universal Health Care

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United States Senate
COMMITTEE ON
RULES AND ADMINISTRATION
WASHINGTON, DC 20510-6325

March 11, 1991

The Honorable Jim Sasser, Chairman
The Honorable Pete V. Domenici, Ranking Minority Member
Committee on the Budget
United States Senate
Washington, D. C. 20510

Dear Jim and Pete:

This is in response to your letter dated February 15, 1991, regarding the views and estimates of the Rules Committee on the budget for fiscal year 1992.

With respect to the Legislative Branch accounts within the committee's jurisdiction, we believe that the amounts in the President's budget are the appropriate levels for the budget resolution. As you know, these estimates are the estimates of the Legislative Branch and are printed in the President's budget without change. With respect to other accounts outside the Legislative Branch, we believe that the amounts in the CBO preliminary baseline are the appropriate levels for the budget resolution. Recent information from the Federal Election Commission indicates that there may be a small shortfall in the Presidential Election Campaign Fund (Account 20-5081-808) for the 1992 election and that there will be a large shortfall for the 1996 election. As you know, this program is funded by a tax checkoff, which is within the jurisdiction of the Committee on Finance.

Sincerely,

TStevens
Ted Stevens
Ranking Minority Member

Wendell Ford
Wendell H. Ford
Chairman

Attachment

Addendum

Please note the decimal error in the FY96 CBO Baseline estimates for the Presidential Election Campaign Fund.

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United States Senate
COMMITTEE ON SMALL BUSINESS
WASHINGTON, DC 20510-6350

April 9, 1991

The Honorable Jim Sasser
Chairman
Committee on the Budget
United States Senate
Washington, D.C. 20510

The Honorable Pete V. Domenici
Ranking Member
Committee on the Budget
United States Senate
Washington, D.C. 20510

Dear Jim and Pete:

The following comprises the views and estimates of the Committee on Small Business with respect to the President's budget proposal for FY 1992, as required by the Budget Act.

First, we find ourselves in an unpleasant position because of the so-called "credit reform" provisions enacted late last year. SBA is, by and large, a credit agency. The Agency has performed reasonably well in recent years with almost $4.5 billion in financing programs driven by appropriations slightly over $500 million each year, excluding the costs of Hurricane Hugo and the California earthquake. In order to reduce both budget authority and outlays, our Committee converted most loan programs to guarantees some years ago, and eliminated direct loans where possible.

Suddenly, under credit reform, we find that the cost of loan guarantees will be scored significantly higher, while direct loans will be relatively cheaper than in the past. The President has once again proposed several measures which are opposed by small business and by our Committee which effectively offset the increased cost of credit reform. Unhappily, our Appropriations subcommittee will be required to provide over $340 million above the President's budget request in order to provide for last year's level of loan activity, assuming the President's financing proposals are not enacted.

We have several differences with the Administration's budget proposal for SBA. The request to more than double Sec. 7(a) loan guaranty fees from two points to five has been proposed for several years and has drawn almost no support among either the House or Senate Small Business Committees. This fee was, incidentally, increased from one point to two in 1986. An increase to five points would destroy the program since no reasonable business person would pay such a fee.

Other loan guarantee programs, such as Small Business Investment Companies, are proposed for an even more drastic fee increase, from 1.3 points to five. The modest direct loan programs for Vietnam era veterans and for the handicapped would be eliminated.

The Honorable Jim Sasser
The Honorable Pete V. Domenici
Page 2

Another proposal would reduce the Small Business Development Center program from $55 million to $30 million and double the state matching requirement. While perhaps marginally better than the past proposal to eliminate the program outright, this change would severely undermine the SBDC program at a time when most states are in serious financial difficulty.

In the disaster loan area, the Administration proposes to increase interest rates for disaster victims who have no credit elsewhere to the Treasury's cost of money, instead of the current four per cent. Those able to get credit elsewhere would be ineligible for an SBA disaster loan. These proposals are only slightly better than outright elimination of the disaster program which the Reagan Administration unsuccessfully advocated. Any budgetary appeal which these proposals might have is quickly dissipated by a visit to a community which has been struck by a flood, tornado or other catastrophe.

In short, the Administration's proposals to vastly increase fees on small business will not be supported by our Committee. This poses, we know, significant budgetary and appropriations problems if last year's program levels are to be maintained. However, with the nation facing several more weeks, or perhaps months, of recession, this is no time to reduce important credit programs for small business.

Finally, there is one new Administration initiative in which we have some interest, although little information was given to us in the budget. The proposal calls for a new program of microbusiness loans to help people at the earliest stages of business to get on their feet, perhaps for the first time. These direct micro-loans of up to $15,000 would enable an individual to become self-employed--making a tax payer out of a tax user. The idea has some successful private sector precedents in Arkansas and elsewhere and is discussed in the attached newsclipping from the Wall Street Journal. We would like to pursue this concept and believe that it could be funded on a pilot basis for less than $50 million.

We look forward to further cooperation with the Budget Committee.

Sincerely,

Dale

Robert W. Kasten
Ranking Member

Dale Bumpers
Chairman

Small SBA Loans Planned to Put the Poor in Business

Pilot Program Will Also Offer Clients Technical Help and Counseling

By JEANNE SADDLER
Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON—The Bush administration plans to start a pilot program to give poor people an entrepreneurial boost, government officials said. It would be the first Small Business Administration program specifically designed to help the poor become business owners.

Under the plan, low-income people could receive SBA "microloans"—ranging from less than $50 to $15,000. The plan is designed to help people, such as single mothers and public housing tenants toward self-employment, according to officials familiar with the plan. Technical help and counseling will be a "major component" of the program, and "not everyone will get a loan," these officials said.

The microloan idea is one of the domestic initiatives that President Bush is expected to promote in his State of the Union address early next year as part of a group of experimental projects aimed at empowering the poor. The SBA experiment will be modeled after several seed-loan programs run by nonprofit groups in recent years that have helped start businesses or fund going concerns such as recycling companies, florists, junk haulers and a children's summer camp.

The microloans will be offered as part of the SBA's direct-loan program, which offers direct loans at slightly below market rates to military veterans, disabled business owners and those who want to start companies in economically depressed areas. Funds for such programs currently total $17 million annually and may be increased. The pilot program is expected to begin in five or six cities.

News of the plan, which hasn't been announced, came as a surprise to some of those involved with existing programs.

"The SBA's going to start this kind of loan program? That's amazing!" said Kathryn Keeley, founder of the Women's Economic Development Corp. (Wedco) a St. Paul, Minn., organization that has offered self-employment loans for eight years and is likely to serve as one of the pilot program's models. "I didn't think they knew how to think small."

Leslie Johnson, owner of the Flower Hut in St. Paul, is one of Ms. Keeley's success stories. She began her business as a single mother with a $500 loan from Wedco to buy roses to sell on Valentine's Day in 1985. Because of the group's strict rules, she had to agree to repay the loan five days after it was made. Working out of office space in a vacant building she found through a bartering program, she made $2,500 in sales. A second $500 Wedco loan followed around Mother's Day.

The Flower Hut now has three locations and grosses about $750,000 annually, Ms. Keeley said. Because of Christmas season deliveries, Ms. Johnson couldn't immediately be reached for comment.

Another program is operating in North Carolina. Scot Sanderson of Marshall, N.C., said he built his ABC Recycling Service Inc. into a $180,000-a-year company after starting with a $2,500 micro-enterprise loan from the North Carolina Rural Economic Development Center. In business for 18 months, the concern has doubled in size every six months and now has four employees, Mr. Sanderson says.

Although the loan money attracted him to the program—most banks don't consider very small loans worth the paper work—Mr. Sanderson said his biggest gain was from exchanging ideas with the four other business owners in his peer group established as part of the program. "It's a brain trust and a sounding board that multiplies your capabilities four or five times. Everybody knows the statistics for small-business failure," he said. "I have no doubt that with programs like this, the statistics would be reversed: Most would succeed instead of fail."

Some other veterans of enterprise programs for low-income people expressed caution, however. Without substantial counseling and guidance, the SBA direct-loan program faces little chance of success, they warned.

'Social Investment' Philosophy

JoAnn Price, president of the National Association of Investment Cos., the trade group for minority-owned investment firms licensed by the SBA, said the first such companies were founded on a similar "social investment" philosophy. "In 1970, we were trying to put a dollar in the ghetto or give a dollar to a good idea and let it grow," she said. But companies without a hard-nosed business plan failed. "We learned the hard way—by mounting losses—that if you have the right economic approach, then the social benefits will follow," Ms. Price said.

Jeffrey Joseph, vice president for domestic policy at the U.S. Chamber of Commerce, said he understands that the SBA may want to respond to a severe credit crunch for small companies. But the agency hasn't had a good track record for handling direct lending, he added.

Government officials said the SBA program will include a demanding training and counseling process before an applicant gets a loan. Directors of the microloan programs that will probably serve as models for the SBA effort claim their programs are both tough and successful.

"We have some women paying their notes every Friday before the weekend," said Ms. Keeley of Women's Economic Development. "We're known to be tough; we take collateral and register it with the state. Our chief value is to make women self-sufficient." She said the group has helped start over 900 businesses in the past eight years. Of these, 87% are still operating, she said. Four out of the five women who come into the center daily are advised against starting a business, she added.

Ms. Keeley, a former counselor, said she started her program when she decided that many women need economic independence to help build self-esteem.

The North Carolina program began in the fall of 1989 and has made 57 loans, said director William Bynum. It has a 90% repayment rate so far, he said.

Bangladesh Model

Modeled in part after a peer-group lending program used by the Grameen Bank of Bangladesh, the program forms teams of five people with a shared interest in starting or developing their own businesses. The group chooses two of its members to receive the first loans, and no one else in that particular group can get a loan until the original recipients have made four consecutive payments.

The loan amounts range from about $500 to $8,000 at market interest rates, but are made without collateral. Peer pressure and support from other members of the group are supposed to keep the payments coming.

The program operates statewide, using local community organizations to provide business counseling services, and a non-profit credit union to handle the paper work on the loans. The program was started to reach small rural businesses that couldn't even qualify for credit-union financing, Mr. Bynum said.

WALL STREET JOURNAL

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United States Senate
COMMITTEE ON VETERANS' AFFAIRS
WASHINGTON, DC 20510-6375

March 11, 1991

Honorable Jim Sasser
Chairman
Honorable Pete V. Domenici
Ranking Minority Member
Committee on the Budget
United States Senate
Washington, D.C. 20510

Dear Jim and Pete,

Pursuant to section 301(c) of the Congressional Budget Act of 1974 and the approval of the majority members of the Committee on Veterans' Affairs, our Committee hereby reports to the Committee on the Budget our views and estimates with respect to the FY 1992 budget for veterans' programs within the jurisdiction of our Committee and the need for an FY 1991 supplemental appropriation for the Department of Veterans Affairs (VA) and the Department of Labor (DOL). This report comprises our Committee's recommendations for programs in Function 700 (Veterans' Benefits and Services) and for certain veterans' programs included in Function 500 (Education, Training, Employment, and Social Services).

We have carefully reviewed the Administration's FY 1992 budget for veterans' programs and the testimony of witnesses at the Committee's February 27, 1991, hearing on the budget -- including representatives of VA, DOL, the Court of Veterans Appeals, and veterans' service organizations. Additional testimony was received from labor and professional organizations whose members are involved in VA medical care and research and from housing-industry associations. We also have given careful consideration and substantial weight to the January 1990 "Fiscal Year 1992 Independent Budget for Veterans Affairs" prepared by four veterans' organizations -- AMVETS, the Disabled American Veterans, the Paralyzed Veterans of America, and the Veterans of Foreign Wars -- and endorsed by 20 other organizations. The Committee also considered the answers to numerous prehearing and posthearing written questions that the Committee submitted to VA, DOL, the Court, and other organizations.

In preparing our recommendations, we have been most mindful of the urgent need to control federal spending in order to reduce the huge federal deficit. However, we also strongly believe that deficit-reduction efforts must consider our obligations to our

Nation's veterans and their families and survivors, who have made such great sacrifices to keep our country free and strong. Budget policy must treat veterans fairly in establishing priorities for Federal spending.

The Committee strongly believes that the support and appreciation being shown by the American people to those who served our Nation so brilliantly in the execution of Operation Desert Shield and Operation Desert Storm reflect the importance and priority that should be attached to programs for all of our Nation's veterans. Two truths must be recognized in the budget process: First, the American people demand that the benefits and services for Persian Gulf War veterans must be responsive and timely and of high quality; second, major additions to the Administration's budget for veterans' programs are absolutely essential in order for VA and DOL to be able to respond in this fashion. We also note in this regard that it would be neither practical nor equitable to establish a higher quality of services for Persian Gulf veterans. Other veterans have served with great valor and made great sacrifices; they all deserve the necessary improvements that our proposals would make possible in veterans' programs.

We recommend Function 700 totals of $35.28 billion in budget authority (BA) and $34.7 billion in outlays. These amounts are $2.4 billion in BA and $2.1 billion in outlays more than recommended in the President's FY 1992 budget, as reestimated by the Congressional Budget Office (CBO). Our specific views are reflected in the enclosed report of our recommendations and the accompanying tables. The tables indicate for each account CBO's reestimate (to the extent available) of the amounts requested in the Administration's FY 1992 budget, the CBO baseline, the changes we are proposing (including legislation the Committee supports), and the differences between our recommendations and both the Administration request and the CBO baseline.

The following are major highlights of the Committee's recommendations.

DEPARTMENT OF VETERANS AFFAIRS

Medical Care Account

The Administration's $13.29-billion FY 1992 request for the Medical Care account is a 7.9-percent increase of $976 million over the funding level available for the current fiscal year. This is a very significant dollar increase and, like the similar Administration-proposed increase last year, is a welcome change from requests made in previous years. However, it does not go farther than keeping pace with VA's increasing costs. Nearly all of the $976-million increase would be consumed by items such as payroll increases and inflation-adjusted costs of supplies, leaving no new funds available to restore activities cut in earlier budget crises or to make the improvements that are needed in order for VA to offer more timely and clinically appropriate care to more veterans in need of that care.

The Committee believes that the Administration's FY 1992 budget request should be augmented to include funding addressing the health and rehabilitative needs of veterans who, for example, have post-traumatic stress disorder or AIDS, are homeless and chronically mentally ill or in need of domiciliary care, or need extended-care or geriatric programs. Dollars also need to be added to address VA's enormous backlog in replacing aging and outdated equipment and to provide valuable clinical care extensions of the Decentralized Hospital Computer Program. To meet these and other funding needs in VA health-care programs under current law, the Committee recommends adding $532.9 million to the Administration's appropriations request for the VA Medical Care account.

In addition, the Committee urges additional funding for health-care legislative initiatives reported by the Committee in 1990 in S. 2100 and reintroduced this year in S. 127 ($120 million), for a more realistic cost of necessary reforms to physician and dentist compensation (an additional $25.5 million), and for readjustment counseling for Persian Gulf War and other post-Vietnam combat-area veterans, according to Administration and Committee proposed legislation ($1 million). Funding for these proposals totals $146.5 million above the Administration-requested budget.

Medical and Prosthetic Research Account

The Administration's budget proposal contains no increase in funding for the Medical and Prosthetic Research account above the $216.8 million appropriated by Congress for FY 1991. This amounts to a proposed decrease in VA's research programs. Not only would new proposals face greatly diminished odds of being funded, but some currently funded projects would be discontinued or cut back. This Committee recognizes that the VA research program is vital to maintaining a high quality of health care for the individual veterans patient, to attracting highly-qualified health and mental health personnel to VA, while making major contributions to our national effort to combat disease and disability. We propose an add-on of $33 million in order to keep up with inflation and allow for a modest increase in the program.

Construction Accounts

The Committee recommends adding $160 million for Major Construction to enable VA to proceed with selected projects that were included for FY 1992 in VA's current Five Year Medical Facility Development Plan, but passed over in the budget request. We also propose adding $37.5 million for Minor Construction to reduce the growing backlog in this program, which funds many projects essential for safety purposes, for adapting VA's older facilities for modern medicine, and for meeting the needs of today's veteran population.

BENEFITS PROGRAMS AND ADMINISTRATION

Compensation Account

The Committee proposes adding $8 million for legislation that would expand the provisions of law that establish a presumption of service-connection for certain diseases of veterans who were exposed to radiation from a nuclear detonation. The Committee favorably reported these provisions on July 19, 1990, as part of S. 2100. Our recommendations also include $10 million for the FY 1992 cost of legislation, which will be introduced soon, to modify VA's Dependency and Indemnity Compensation program to eliminate inequities in the payment schedule.

Administration-Proposed Legislation Affecting the VA Loan-Guaranty Program

The Administration's FY 1992 VA budget includes several proposals that would undermine significantly a 46-year-old program to which Congress overwhelmingly recommitted itself during the 101st Congress by enacting the Veterans Home Loan Indemnity and Restructuring Act of 1989 (title III of Public Law 101-237). Thus, the Committee's recommendations do not include savings of $251 million in both BA and outlays claimed in the Administration's budget as reestimated by CBO. As an entitlement program, VA home-loan guaranties are not subject to limitation under recently enacted "credit-reform" provisions. CBO, however, is required to use credit-reform accounting for the program, which would appear to add a non-recurring FY 1992 "savings" of $997 million for these proposals, compared to the CBO credit-reform baseline.

Readjustment Benefits

The Committee proposes adding $190 million to provide for an increase in the basic benefits paid under the Montgomery GI Bill program for active-duty servicemembers and reservists. The basic benefits have not been increased since the MGIB was enacted in 1984, and significant increases in education costs since that time have substantially eroded the value of this benefit.

General Operating Expenses Account

Veterans Benefits Administration: The Committee is recommending an FY 1992 add-on of $28.9 million in BA and $25.3 million in outlays over the Administration's budget request for the Veterans Benefits Administration (VBA). The overall increase in the Administration's budget of 33 FTE for VBA reflects a transfer of 356 information-resources personnel and 370 FTE needed to implement the provisions of OBRA. Excluding these personnel, the President's budget proposes to cut staffing for the VBA by 693 FTE. The Committee recommends restoring these proposed cuts and adding staffing to address the backlog of compensation claims, the very large caseloads of VA vocational rehabilitation counselors, and the continuing high numbers of loan guaranty applications, as well as to enable VA to improve its telephone service to veterans and their families, increase outreach in large metropolitan areas, and fulfill its responsibility for the provision of transition assistance for servicemembers being discharged from active duty.

National Cemetery System: The Administration's budget request for the National Cemetery System (NCS) includes only a $3.5-million increase and requires a 37-FTE decrease as compared to FY 1991 levels, which would leave unaddressed VA's $9-million equipment replacement backlog and other pressing needs. The Committee recommends an additional $19.7 million in BA and $17.4 million in outlays and 198 FTE for the NCS to reduce this backlog and otherwise help to restore VA's ability to maintain its cemeteries at historic levels of beauty and dignity.

UNITED STATES COURT OF VETERANS APPEALS

The Court of Veterans Appeal's FY 1992 budget requests $9.1 million and an average employment level of 105. Pursuant to section 4082(a) of title 38, United States Code, the Court's budget is submitted to the Congress without review by the Office of Management and Budget or other Executive Branch officials. The Committee has examined the Court's submission carefully and, although it is difficult to make comparisons to the Court's previous budgets since this is its first year with a full complement of seven judges, the Committee believes that the proposed funding level is reasonable and appropriate to ensure that the Court has sufficient resources to carry out its important mission and we recommend full funding of the Court's request.

DEPARTMENT OF LABOR

Veterans' Employment and Training Service

The Committee recommendations for DOL-administered programs in Function 500 (Education, Training, Employment, and Social Services) include $56.1 million necessary for DOL to meet the current statutory funding levels for Disabled Veterans' Outreach Program specialists and Local Veterans' Employment Representatives and the $2.9 million necessary to continue the operational level already contracted for at the National Veterans Training Institute. We also recommend adding $7.2 million over the Administration's request to enable DOL to fulfill its responsibility in conjunction with the anticipated expansion of the current pilot Transition Assistance Program, which provides assistance to servicemembers in making the transition from active duty to civilian employment.

NEED FOR FY 1991 SUPPLEMENTAL APPROPRIATION

The Committee proposes a $266-million supplemental appropriation in FY 1991 to provide adequate funding for the costs incurred by VA in connection with Operations Desert Shield and Desert Storm. The FY 1991 VA, HUD, and Independent Agencies Appropriations Act, enacted on November 5, 1990 (Public Law 101-507), did not include any funding for such costs. The Committee's recommendation takes into account the relatively low number of American casualties from the Persian Gulf War.

The recommended supplemental appropriation includes (a) $46 million to fund FY 1991 VA medical-care costs associated with Operations Desert Shield and Desert Storm, (b) $17 million for the General Operating Expenses account to pay for services for returning Persian Gulf War veterans and to enable the National Cemetery System to replace equipment, meet required staffing levels, and replenish basic supplies and materials, including water, (c) $124 million for payment of a death gratuity to survivors of servicemembers who died after the beginning of the Persian Gulf War, (d) $75 million to cover costs associated with the cost-of-living adjustment in Montgomery GI Bill benefits, and (e) $4 million to enable DOL to expand the current pilot Transition Assistance Program so that the program is able to serve returning Persian Gulf War veterans.

CONCLUSION

The Committee arrived at its recommendations after thoroughly reviewing veterans' programs and considering possible savings that could be achieved without reversing the Congress' commitment to meet the country's obligations to our Nation's veterans and their survivors -- while recognizing that the costs of benefits and services for veterans is truly a part of the cost of the wars they fought to protect and preserve our way of life.

These views reflect the best judgment of the Committee on Veterans' Affairs as of this date. If we or the Committee staff can provide further assistance in your consideration of this report, please feel free to call upon us.

With warm personal regards,

Cordially,

Alan Cranston
Alan Cranston
Chairman

Dennis DeConcini
Dennis DeConcini

George Mitchell
George J. Mitchell

Bob Graham
Bob Graham

Daniel K Akaka
Daniel K. Akaka

Jay Rockefeller
John D. Rockefeller, IV

Enclosures

cc: Honorable Arlen Specter
Honorable G. V. "Sonny" Montgomery
Honorable Bob Stump

COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES SENATE

RECOMMENDATIONS FOR THE FISCAL YEAR 1992 BUDGET FOR VETERANS' PROGRAMS

FUNCTION 700 – VETERANS BENEFITS AND SERVICES

Subfunction 701, Income Security

Compensation Account:

LEGISLATION:

Administration and Committee Proposed:

Disability compensation and dependency and indemnity compensation (DIC) cost-of-living adjustment (COLA): The Committee plans to report legislation to provide for an FY 1992 COLA at the same percentage as the FY 1992 COLA in Social Security and VA pension benefits, effective December 1, 1991, the same effective date as the Social Security/VA-pension COLA. The Committee believes that providing annual COLAs for these benefits to ensure that their value is not eroded by inflation must be a top priority. CBO currently estimates that the COLA will be 5.3 percent. The Administration indicated in its budget that it will propose legislation to provide automatic annual COLAs in compensation benefits tied to the annual change in the Consumer Price Index. The Committee does not plan to adopt that approach.

Cost: No cost as compared to both the Administration budget as reestimated by CBO and the CBO baseline. Based on CBO's current estimate of the Social Security/VA-pension COLA, the cost as compared to the cost of the program under current law would be $486 million in BA and $438.3 million in outlays.

Dependency and indemnity compensation reform: The Committee plans to report legislation that would modify DIC to eliminate inequities in the payment schedule, which currently is based on the deceased veteran's service rank.

Cost: $10 million in both BA and outlays as compared to both the Administration budget (as reestimated by CBO) and the CBO baseline.

The Administration's budget proposes phasing in, over a period of five years, changes that would provide a flat-rate DIC payment to all surviving spouses. The Committee welcomes the Administration's interest in reforming the DIC program, but does not support its particular approach.

Cost: Savings of $2.5 million in BA and $2.3 in outlays as compared to the Administration budget (as reestimated by CBO).

Committee Proposed:

Radiation-exposed reservists: Section 111 of S. 127 would expand the presumption of service-connection for radiation-exposed veterans to cover individuals who were serving on active duty for training or inactive-duty training during on-site participation at a nuclear weapons test. These groups inadvertently were excluded from 1988 legislation, the Radiation-Exposed Veterans' Compensation Act (Public Law 100-321), that established presumptions of service-connection for certain diseases. The Committee favorably reported this provision on July 19, 1990, as part of S. 2100.

Cost: $1 million in both BA and outlays as compared to both the Administration budget (as reestimated by CBO) and the CBO baseline.

Expansion of presumptions under Public Law 100-321: Section 112 of S. 127 would amend the Radiation-Exposed Veterans' Compensation Act of 1988 (Public Law 100-321) to eliminate the latency-period limitations in current law and add two types of cancer to the list of diseases presumed to be service connected. The Committee believes these changes are justified on the basis of new scientific findings in the most recent report of the National Academy of Sciences Committee on the Biological Effects of Ionizing Radiation (BEIR V). That report shows that certain cancers have a significant association with exposure to ionizing radiation, and lack scientific evidence that these cancers are associated significantly with some other major cause. The report also shows that some increased risk from exposure persists, perhaps indefinitely, beyond the periods during which each disease listed in Public Law 100-321 must appear in order to qualify for the presumption of service connection. The Committee favorably reported this provision on July 19, 1990, as part of S. 2100.

Cost: $7 million in both BA and outlays as compared to both the Administration budget (as reestimated by CBO) and the CBO baseline.

Compensation account total cost: $12.5 billion in both BA and outlays -- $15.5 million in BA and $14.9 million in outlays over the Administration budget (as reestimated by CBO) and $18 million in BA and $17.2 million in outlays over the CBO baseline.

Pension Account:

LEGISLATION:

Administration Proposed:

Require 180 days of wartime service for pension eligibility: The Committee does not accept the Administration's proposal to replace the current law requirement of 90 days of service beginning or ending during a period of war for pension eligibility purposes with a requirement of 180 days of wartime service.

Cost: $4 million in BA and outlays as compared to the Administration's budget (as reestimated by CBO).

Pension account total cost: $3.69 billion in BA and $3.71 billion in outlays -- $4 million in both BA and outlays over the Administration budget (as reestimated by CBO).

Veterans Insurance and Indemnities Account:

LEGISLATION:

Committee Proposed:

Increase in amount of Veterans' Mortgage Life Insurance: Section 502 of S. 127 would increase from $40,000 to $90,000 the maximum amount of Veterans' Mortgage Life Insurance (VMLI) available under section 806 of title 38 to veterans who have received a specially adapted housing grant under chapter 20 of title 38, which is available to veterans with certain service-connected disabilities rated permanently and totally disabling. The Committee reported this provision in S. 2100 on July 19, 1990.

According to the Department of Commerce, housing costs have risen 188 percent since 1976, when the maximum coverage was last increased -- from $30,000 to $40,000.

Cost: $2 million in both BA and outlays as compared to the Administration budget.

Supplemental Service Disabled Veterans' Insurance for totally disabled veterans: Section 501 of S. 127 would increase from $10,000 to $20,000 the maximum amount of Service Disabled Veterans' Insurance (SDVI) available to those veterans who are eligible for a waiver of premiums due to total and permanent disability. The Committee reported this provision in S. 2100 on July 19, 1990.

The maximum amount of SDVI life insurance protection has not been raised since 1951 when the legislation creating the program was enacted. For many veterans with service-connected disabilities rated as totally disabling, SDVI represents an irreplaceable source of insurance coverage.

Cost: $1 million in both BA and outlays as compared to the Administration budget.

Veterans Insurance accounts total cost: $1.095 billion in BA and $0.948 billion in outlays, which is $3 million in BA and outlays over both the Administration budget (as reestimated by CBO) and the CBO baseline.

Subfunction 702, Veterans Education, Training, and Rehabilitation

All accounts combined:

LEGISLATION:

Administration Proposed:

Eliminate rehabilitation services and assistance for service-disabled veterans rated 20-percent disabled: The Committee does not accept the Administration's proposal to limit eligibility for rehabilitation services and assistance to veterans rated 30 percent or more disabled. Section 8021 of OBRA limited rehabilitation eligibility to veterans with service-connected disabilities rated at 20 percent or more, and the Committee does not agree to extending that restriction.

Cost: $10 million in BA and outlays as compared to the Administration budget.

Limit survivors' educational assistance to natural and adopted children: The Committee does not accept the Administration's proposal to limit educational assistance for survivors to natural and adopted children.

Cost: $1.0 million in BA and outlays as compared to the Administration's budget.

Repeal the authority permitting VA to make education loans: The Committee does not accept the Administration's proposal to repeal the authority permitting VA to make direct education loans.

Cost: No significant cost.

Committee Proposed:

Montgomery GI Bill (MGIB) cost-of-living increase: The Committee plans to submit a Committee modification to the Committee amendment to S. 386, the proposed "Persian Gulf War Veterans' Assistance Act of 1991", which will include a provision to increase the MGIB rates. This provision will increase rates paid to active-duty servicemembers participating in the educational assistance program contained in chapter 30 of title 38, as well as to members of the Selected Reserve who participate in the program established in chapter 106 of title 10.

There has been no COLA in the MGIB rates since the program was enacted in 1984. The cost of education at four-year public colleges has increased by 43.2 percent over the last 6 years and overall inflation as measured by the Consumer Price Index has been roughly 36.5 percent. The Committee believes that servicemembers deserve an educational benefit that is not so badly eroded by inflation.

This proposal will increase, effective April 1, 1991, the MGIB monthly benefit from $300 to $425 per month for full-time pursuit for those serving on active duty for three years or more and from $140 to $200 for full-time pursuit for reservists. This proposal would also increase the monthly payroll deduction for chapter 30 participants from $100 to $120, effective October 1, 1991.

Cost: $190 million in BA and outlays as compared to the Administration budget.

Improved educational assistance for members of the Selected Reserve who serve on active duty during the Persian Gulf War: The Committee modification to the Committee amendment to S. 386 also will include a proposal to provide for an increase in the chapter 106 education entitlement for members of the Selected Reserve who were activated in connection with the Persian Gulf War. The educational benefits of these persons would be increased from $140 per month to $385 per month for each month of active-duty service. The Committee believes that, in recognition of these reservists' active-duty service, they are entitled to rates comparable to the value of the MGIB benefit for active-duty servicemembers.

Cost: $19 million in BA and outlays above the Administration budget.

Education, Training, and Rehabilitation accounts total cost: $863.7 million in BA and $873.6 million in outlays, which is $220 million in BA and outlays over the Administration budget (as reestimated by CBO) and $209 million in BA and outlays over the CBO baseline.

Subfunction 703, Hospital and Medical Care for Veterans

Medical Care Account:

As was the case with the President's budget request for FY 1991, the $13.29 billion request for the FY 1992 Medical Care account is certainly better than those submitted in previous years. However, this year's 7.9-percent increase would not begin to address major continuing shortfalls or various top-priority needs that VA is unable to meet. In order to help restore the VA health-care system's ability to furnish high-quality care and to respond to veterans' needs, the Committee recommends an additional $531.9 million in BA and $469.9 million in outlays and 2,882 FTE over the Administration budget request (as reestimated by CBO) -- of which $349.5 million in BA and 1,769 FTE are for programs under current law and $188 million is for legislation which has already been passed by the Senate or which the Committee expects to report favorably.

AIDS care: VA currently treats about 7 percent of the AIDS patients in the United States. The VA budget documents highlight the anticipated expenditure of an additional $75 million in VA medical-care dollars for AIDS treatment (from $250 million in FY 1991 to $325 million in FY 1992). However, the budget does not request these clearly necessary funds and, instead, proposes that they be derived from cuts in other medical care services. The Committee recommends direct funding of the additional AIDS care costs; it is simply not realistic to expect VA facilities to make such extensive cuts in care to other veterans. (Add 800 FTE.)

Cost: $75 million in BA and $64.5 million in outlays as compared to the Administration budget.

Replacement equipment: The Committee recommends an add-on to reduce the huge and still-growing backlog in VA's replacement of aging and outdated medical equipment. Over the last several years, VA medical center directors have found it necessary to use equipment funds to make up for shortfalls in personnel costs and daily operating expenses. The increasing amount of old, unsafe equipment that cannot be replaced within current funding levels will interfere with the quality and timeliness of the care VA is able to provide and threaten the safety of VA patients. The Administration proposes only $155.2 million for replacement equipment for FY 1992, an amount which would allow the equipment backlog to increase to nearly $1 billion by the end of FY 1992. The Committee recommends an equipment replacement budget of $305.2 million for FY 1992 in order to begin to make progress in reducing the backlog.

Cost: $150 million in BA and $129 million in outlays as compared to the Administration budget.

Geriatric and extended care: The Committee recommends funding to restore and expand Geriatric Evaluation and Management units (GEMs), Hospital-Based Home Care (HBHC), and Adult Day Health Care (ADHC), all of which are innovative programs for furnishing care to elderly veterans and others in need of long-term care. As of September 1988, 6.6 million veterans were over age 65. This number will increase to 8.5 million by 1995 and peak at 8.9 million in the year 2000.

GEMs employ a highly effective interdisciplinary team approach developed by VA for assessing and treating geriatric patients. There are currently 93 GEMs and VA proposes to establish 15 more in FY 1992 by redirecting existing resources. Establishing a new GEM costs approximately $107,000 and enhancing an existing geriatric evaluation unit costs approximately $81,000. The "Fiscal Year 1992 Independent Budget for Veterans Affairs", prepared by four veterans' organizations -- AMVETS, Disabled American Veterans, Paralyzed Veterans of America, and Veterans of Foreign Wars and endorsed by twenty other organizations (hereafter referred to as the "Independent Budget") -- recommends having a GEM at each VA medical center (Independent Budget, page 87). The Committee recommends adding $2.5 million (34 FTE) to enhance 10 units and establish 16 new ones in FY 1992.

HBHC is an increasingly popular program which provides many facets of health care to veterans in their homes rather than keeping them in an inpatient setting. The Independent Budget (page 88) strongly supports this program as well, recommending that an HBHC program be established at every VA medical center. There are currently 76 HBHC programs. A new HBHC costs approximately $428,500. The Committee recommends adding $6 million (82 FTE) to establish 14 new HBHC programs in FY 1992.

ADHC programs provide health maintenance and rehabilitative services to frail individuals in a congregate setting during daytime hours. The supervision and activities provided by ADHC programs defer or eliminate the need to provide a patient with more expensive nursing-home care which is also more disruptive of a normal home lifestyle. A new ADHC program costs approximately $400,000. The Committee recommends adding $2 million (43 FTE) in FY

1992 to establish 5 new ADHC programs to the 15 currently in operation.

(Add total 159 FTE.)

Cost: $10.5 million in BA and $9.1 million in outlays as compared to the Administration budget.

Outpatient care: Over the past decade, advances in treatment modalities have enabled clinicians to successfully perform more cost-effectively in an ambulatory setting many procedures previously requiring an inpatient stay. VA has followed this trend, but to a lesser extent than private sector health-care providers because of a lack of reimbursement incentives and inadequate ambulatory care facilities. For FY 1992 VA expects to shift hospital workload (-10,959 patients treated) to outpatient care (+92,000 staff outpatient visits). VA estimates that this snift will result in a savings of $70 million and 1,178 FTE. The Committee, however, is concerned that these savings are not substantiated in the budget and may prove largely illusory. Moreover, VA's already overburdened outpatient clinics may not be able to absorb the proposed increase in outpatient staff visits without additional funds. A nationwide telephone survey conducted by the Independent Budget Project in late November 1990 revealed waiting times of three to four months and more for appointments at many VA outpatient clinics. Specialty outpatient clinics at some VA facilities had waiting times of up to nine months. Also, given the general condition of underfunding of inpatient care, a decrease in workload is not likely to free up sufficient resources, if any, for the net reduction in expenditures that VA proposes. The Committee recommends $50 million in additional funds to begin to reduce outpatient appointment backlogs and provide for the proposed increase in outpatient staff visits. (Add 652 FTE.)

Cost: $50 million in BA and $43 million in outlays as compared to the Administration budget.

Blind Rehabilitation Service: Last year the Committee engaged in extensive oversight of the VA prosthetics and special disabilities programs, including Blind Rehabilitation. The 10-month long Committee investigation identified several problem areas, including the significant number of blinded veterans waiting for access to VA's eight blind rehabilitation programs. Due to inadequate staffing and funding levels, VA is unable to operate all authorized beds in its blind rehabilitation centers and clinics, imposing intolerable delays in the delivery of care to blinded veterans. At the Palo Alto VAMC, for example, the

355 blinded veterans on the waiting list will be forced to wait two years before having access to care. At the Committee's June 7, 1990, oversight hearing, a representative of the Blinded Veterans Association (BVA) testified that 1,054 blinded veterans nationwide were on waiting lists; by February 1991 this number had, according to BVA, grown to 1,175. Due to the high incidence of blindness associated with aging, it is clear that the demand for blind rehabilitation services will continue to grow. In order to help VA address the problems of growing waiting lists and lengthening waiting times, the Committee recommends adding $2 million and 40 FTE to enable VA to expand its capacity to deliver comprehensive care to blinded veterans.

Cost: $2 million in BA and $1.7 million in outlays as compared to the Administration budget.

Decentralized Hospital Computer Program: VA's Decentralized Hospital Computer Program (DHCP) develops standardized software and hardware to support varied administrative and clinical functions at each VA medical center. Among the clinical support services provided through DHCP are management of clinical orders and results, patient care, and support for quality assurance activities. For FY 1992, VA has planned 15 clinical practice extensions to DHCP which would, among other things, expand the number of clinical personnel with access to DHCP programs, provide adaptations and refinements to existing software, and more widely disseminate already-developed programs to additional medical centers. The Committee recommends $62 million in additional funds to enable VA to implement these valuable enhancements to DHCP. This investment will enable medical center managers to employ this technology to make the delivery of health care more efficient (e.g., nurse scheduling, prosthetic procurement, pharmacy bar coding, medical record management), to avoid duplicative diagnostic testing, and to enable clinicians to share information quickly in order to make diagnostic and treatment decisions more efficiently. (Add 118 FTE.)

Cost: $62 million in BA and $53.3 million in outlays as compared with the Administration budget.

Legislation:

Administration Proposed:

Beneficiary travel: The Administration proposes to make extensive cuts in the reimbursements paid to veterans for their travel to and from VA facilities -- known as beneficiary travel benefits. Under the Administration proposal, veterans who live within 50 miles of the facility where they are furnished care would not receive reimbursement. Among those who travel more than 50 miles, only those receiving care for service-connected disabilities and those with service-connected conditions rated at 50 percent or more would be eligible for reimbursement. These changes would shift substantial travel costs to service-disabled veterans and would deprive many low-income veterans of the ability to travel to VA facilities for care to which they are entitled. The Congress conducted an extensive review of this program prior to the enactment in 1988 of the legislation (in Public Law 100-322) establishing the current framework. The Committee does not support the Administration's proposed legislation and considers its enactment most unlikely.

Moreover, the proposal appears not to provide as great a savings as the Administration has claimed. CBO's reestimate of the Administration's budget calculates the savings from this provision to be $37.8 million. The Administration had projected savings of $62.9 million.

> Cost: $37.8 million in both BA and outlays to restore the cuts proposed in the Administration's budget as reestimated by CBO.

Child-care centers: The Administration is proposing legislation to revise the existing legislative authority for child-care centers at VA facilities. Under section 4209 of title 38, the Veterans Canteen Service (VCS) is authorized to provide child care services directly or by contract with a nonprofit or for-profit provider in available space at VA medical centers and regional offices. According to the Administration's budget proposal, renovation and construction costs for converting space for child-care facilities range from $50,000 to $400,000 depending on the amount of improvements necessary to comply with State and local regulations. These initial capital expenses present a financial burden to VCS, because current law requires that medical centers be reimbursed from the Veterans Canteen Service Revolving Fund for the cost of such conversions. The Committee intends to give serious consideration to the Administration's proposal and has included the budgetary effects in its recommendations.

> Cost: No cost as compared to the Administration budget and $1.2 million in BA and outlays compared to the CBO baseline.

Textile procurement: The Administration is proposing legislation which would permit VA medical centers to procure blankets, pillowcases, sheets, towels, and other textiles by competitive procurement. Currently, federal regulations require VA to procure textiles from General Services Administration sources, a practice which has proven to be more expensive than procuring these products from commercial sources. The Committee intends to give this proposal serious consideration and has included the budgetary effects in its recommendations.

Cost: No cost as compared to the Administration budget and savings of $6.4 million in BA and outlays as compared to the CBO baseline.

Committee Proposed:

Physicians' and dentists' special pay: The Committee anticipates that the Senate will soon pass final House-Senate compromise legislation to increase and modify special pay for VA physicians and dentists, taking into account the recommendations of the 1989 Quadrennial Report to the President on the Adequacy of Special Pay for Physicians and Dentists. The Administration budget includes only $41.5 million to cover the cost of increased special pay for VA physicians and dentists in anticipation of the enactment of its own legislative proposal, which the Congress does not find adequate. According to CBO, the compromise agreement on special pay for physicians and dentists is expected to cost approximately $21.5 million more than VA's budget proposal. The compromise agreement also contains a provision for reimbursement of continuing education expenses which is expected to cost approximately $4 million.

Cost: $25.5 million in BA and outlays as compared to the Administration budget.

Home Improvement and Structural Alterations (HISA): Section 213 of S. 127 would increase the maximum limitations on grants provided under the HISA program. These limitations have not been increased since 1976, a period during which the Consumer Price Index has more than doubled. The Committee reported this provision in S. 2100 on July 19, 1990.

Cost: $2 million in BA and outlays as compared to the Administration budget.

Rural Mobile Health Clinics: Section 218 of S. 127 would extend for one year, through September 30, 1992, the authorization of mobile health-care clinics in order to complete the 2-year pilot program. Public Law 100-322, enacted on May 20, 1988, required VA to implement a 2-year pilot program of mobile health-care clinics. No funds were appropriated for this program in FY 1989, but $3 million was appropriated for it in FY 1990. Continued funding is necessary in order to carry out the intent of the initial legislation -- to explore and evaluate better ways to provide care to veterans living in rural areas. The Committee reported this provision in S. 2100 on July 19, 1990. (Add 35 FTE.)

Cost: $5 million in BA and outlays as compared to the Administration budget.

Readjustment counseling (Vet Center) program: Section 4(c) of S. 386, which the Committee reported favorably on February 7, 1991, and is supported by the Administration, would expand entitlement to readjustment counseling to include veterans who served on active duty after May 7, 1975, in areas in which United States personnel were subjected to danger from armed conflict comparable to that occurring in battle with an enemy during a period of war. (Under current law, entitlement for readjustment counseling services -- which are furnished in VA Vet Centers -- is limited to Vietnam-era veterans.) The Senate passed this provision in S. 2011 on October 18, 1988, and in S. 13 on October 3, 1989, and the Committee reported it again in S. 2100 on July 19, 1990.

The Committee notes both the success of the readjustment counseling program in helping Vietnam veterans overcome difficulties they have in adjusting from their wartime experiences as well as the continuing unmet treatment needs of this population, needs which have, in many cases, been exacerbated by the Persian Gulf War. The direct costs of implementing section 4(c) is estimated by VA to be $1.4 million in FY 1991 and $1.2 million in FY 1992.

In addition, Vet Centers report significant increases in visits from currently eligible veterans since the onset of Operation Desert Shield in August 1990. The Committee recommends adding $2 million to ensure that Vet Centers respond appropriately to the readjustment and mental-health needs of the Vietnam-era veteran population and veterans of post-Vietnam conflicts. (Add 30 FTE.)

Cost: $1 million in both BA and outlays as compared to the Administration budget.

Care for combat-theater veterans with service-related PTSD: Section 201 of S. 127 would require VA (1) to provide treatment for PTSD on a priority-care basis once (a) a diagnosis of PTSD related to service in a combat theater has been made by a mental-health professional designated by the Chief Medical Director, and (b) the veteran's service in a combat area is verified (by the most rapid means possible), but without the need for a pre-treatment adjudication on the issue of service-connection; and (2) to accomplish an evaluation of a veteran within 7 days after the referral of the veteran to a VA health-care facility from a Vet Center. The Senate passed this provision in S. 2011 on October 18, 1988, and in S. 13 on October 3, 1989, and the Committee reported it again in S. 2100 on July 19, 1990.

The Committee recommends that $31 million be added. The Committee expects that VA, in order to implement this provision, would need to expand its specialized inpatient and outpatient PTSD treatment programs and establish new ones in order to provide PTSD care on a priority basis and to eliminate the numbers of veterans on waiting lists for inpatient PTSD treatment. Persistent waiting lists for inpatient PTSD treatment continue to be a major concern to the Committee. (Add 496 FTE.)

Cost: $31 million in both BA and outlays as compared to the Administration budget.

Mental illness research, education, and clinical centers: Section 203 of S. 127 would (1) require the Secretary of Veterans Affairs to designate not more than five of its health-care facilities as the locations for centers of mental illness research, education, and clinical activities (MIRECCs); and (2) provide that, to qualify for designation, a facility must maintain arrangements with an accredited medical school, graduate school of psychology, nursing, social work, or other allied-health personnel school, under which residents or students, or both, would regularly rotate through the VA facility. The Senate passed this provision in S. 2011 on October 18, 1988, and in S. 13 on October 3, 1989, and the Committee reported it again in S. 2100 on July 19, 1990.

The Committee believes that the establishment of such centers would provide state-of-the-art treatment, increase innovative basic and clinical research opportunities and enhance and encourage continuing education and training in the treatment of mental illness. (Add 50 FTE.)

Cost: $3.1 million in BA and $1 million in outlays as compared to the Administration budget.

Eligibility for prosthetic devices and certain other medical items: Section 211 of S. 127 would give VA the authority to provide veterans who are receiving non-service-connected outpatient care with wheelchairs, prosthetic devices, and certain other supplies and services if the provision of such items would obviate the need for hospitalization. The Committee reported this provision in S. 2100 on July 19, 1990.

Expanding VA's authority to provide needed medical items to obviate the need for hospital admission would allow VA to furnish more efficient, up-to-date care and corresponds with the very strong trend in modern health care toward furnishing care on an outpatient basis whenever possible.

Cost: $7 million in BA and $6 million in outlays as compared to the Administration budget.

Expanded services for homeless veterans: Section 217 of S. 127 would require VA medical centers or regional benefits offices, in coordination with groups involved in serving homeless persons, to conduct assessments of the needs of homeless veterans living within the areas served by those centers or offices and to develop plans to address the needs identified as not being met by the existing network of VA and other programs; establish a 3-year, $4.5 million contract for domiciliary care for homeless veterans; extend VA's Homeless Chronically Mentally Ill (HCMI) and Domiciliary Care for Homeless Veterans (DCHV) programs through FY 1993; and increase the authorizations of appropriations for the HCMI and DCHV programs. The Committee reported this provision in S. 2100 on July 19, 1990.

It is the Committee's view that VA's HCMI and DCHV programs have helped meet many of the essential needs of homeless veterans -- a place off the street to sleep; the opportunity to receive much-needed medical and mental health assessments; and the furnishing of appropriate care and rehabilitative services. None of these services are luxuries -- they constitute humane responses to basic human needs. Despite the growing problem of homelessness and the relatively small scale of these two homeless programs, the Administration's request includes only an inflationary increase in the proposed funding for each. The Committee believes strongly that these programs require significantly greater increases. (Add 293 FTE.)

Cost: $53 million in BA and $45 million in outlays as compared to the Administration budget.

Procreative services: Section 220 of S. 127 would require VA to furnish medical services to a service-connected-disabled veteran or the spouse of such a veteran to achieve pregnancy in cases in which the veteran's service-connected disability impairs procreative ability. Services would be provided on a contract basis, except where the CMD determines VA can provide the services directly. The Senate passed this provision in S. 13 on October 3, 1989, and the Committee reported it again in S. 2100 on July 19, 1990.

Cost: $1 million in BA and outlays as compared to the Administration budget.

Preventive health services: Section 222 of S. 127 would (a) extend until September 30, 1996, the requirements for VA to conduct a pilot program of preventive health-care services; (b) expand the categories of veterans to whom VA is required to furnish such services to include all veterans who are otherwise entitled to receive the care they are receiving; (c) require that those veterans annually be offered a minimum of two preventive health-care services when they are otherwise receiving care; (d) require that each VA health-care facility annually implement a major preventive health-care and health-promotion initiative; (e) expressly delineate the permissible scope of preventive health care services under the pilot program; and (f) require the Secretary to submit reports on the pilot program. The Senate passed this provision in S. 13 on October 3, 1989, and the Committee reported it again in S. 2100 on July 19, 1990. (Add 209 FTE.)

Cost: $16 million in BA and $14 million in outlays as compared to the Administration budget.

Psychologist pay: Section 249 of S. 127 would require VA to increase rates of pay for VA psychologists who are board certified by using the "hybrid" title 5/title 38 appointment authority unless the Chief Medical Director certifies, within 90 days after the date of enactment, that an increase in the number of board-certified psychologists in the VA health-care system is not necessary for VA to provide veterans with the appropriate quality of psychological services. The Senate passed this provision in S. 13 on October 3, 1989, and the Committee reported it again in S. 2100 on July 19, 1990.

Cost: $2 million in BA and outlays as compared to the Administration budget.

Medical Care account total cost: $13.81 billion in BA and $13.69 billion in outlays, which is $531.9 million in BA and $469.9 in outlays above the administration budget (as reestimated by CBO) and $593.4 million in BA and $322.9 million above the CBO baseline.

Medical and Prosthetic Research Account:

Program improvements: The Administration budget proposes $216.8 million for the Medical and Prosthetic Research account, the same amount as appropriated by Congress for FY 1991, which of course would entail a substantial programmatic cut. The percentage of meritorious projects which receive funding has dropped from an average 61 percent in FY 1984 to 35 percent in FY 1990 and is expected to be even smaller in FY 1991. Under the Administration's budget, this percentage would decline further and very few new research projects could be funded.

VA's research program improves direct patient care is integral to the recruitment and retention of high-quality physicians, and has made great contributions to medical-care advances now available to veterans and the general population alike. The Independent Budget (page 106) recommends an increase to $280 million, the same amount as that recommended by the Secretary of Veterans Affairs' own "blue ribbon" Advisory Committee on Health Research Policy.

The Committee believes it would be extremely unwise to erode the VA research program and, thus, recommends an add-on to maintain and provide for a modest enhancement of VA's research programs. (Add 550 FTE.)

Cost: $33 million in BA and $24.1 million in outlays as compared to the Administration budget.

Medical and Prosthetic Research account total: $249.8 in BA and $236.4 in outlays, which is $33 million in BA and $24.1 in outlays over the Administration budget (as reestimated by CBO) and $16.5 million in BA and $12 million in outlays over the CBO baseline.

Medical Administration and Miscellaneous Operating Expenses Account:

Central and Regional Offices Funding: The Medical Administration and Miscellaneous Operating Expenses (MAMOE) account covers the Office of the Chief Medical Director and staff responsible for the policies and procedures which ensure appropriate health-care services to veterans. Programs include clinical affairs, academic affairs, research, geriatrics and extended care, environmental medicine, readjustment counseling, and dentistry, as well as administration and operations, quality management, activities of the medical inspector, resource management, and external relations.

Despite the critical importance of this segment of VA in managing and monitoring the enormous and complex VA health-care system, the Administration's FY 1992 budget proposal cuts $5.7 million from what VA had requested for MAMOE from OMB. Since 1984, the number of FTE employed under this account has fallen 40 percent, from 875 to 528 and has hampered VA's management of the health-care system. The proposed budget would reduce this number to 521 in FY 1992. The Committee recommends adding that $5.7 million to the Administration-proposed amount in order to enable the Chief Medical Director to have adequate resources for his initiatives in quality management and, in light of the experience in preparing for Operation Desert Storm, for medical preparedness for a military crisis or natural disaster, along with the traditional concerns of health-care planning, affiliations, and the managerial functions of central and regional offices. (Add 59 FTE.)

Cost: $5.7 million in BA and $3.7 million in outlays as compared to the Administration budget.

Medical Administration and Miscellaneous Operating Expenses account total: $46.2 million in BA and $45.2 million in outlays, which is $5.1 million in BA and $4.1 million in outlays over the Administration budget (as reestimated by CBO) and $1.3 million in BA and $1.9 million in outlays over the CBO baseline.

Major Construction Account:

Construction program increase: Provide additional funding of $160 million to enable VA to proceed with some of the projects that were included for FY 1992 in VA's current Five Year Medical Facility Development Plan, but passed over in the budget request, and to add funds for advanced planning and design work in order to help bring along future year projects more quickly.

The funding for facility-improvement projects is necessary to maintain a regular schedule of capital modernization, clinical improvements, and patient safety modifications. Without these improvements, many VA medical facilities -- more than half of which are over 30 years old -- will become outdated and eventually require the greater expense of total replacement. The Independent Budget notes on page 117 that funding of the VA's current five-year plan would cost $700 million per year -- the figure VA requested of OMB for Major Construction -- and concludes that to achieve less in FY 1992 than what is called for in the plan would be "catastrophic."

Cost: $160 million in BA and $7.2 million in outlays as compared with the Administration budget.

Major Construction account total: $610 million in BA and $495.6 million in outlays, which is $160 million in BA and $7.2 million in outlays over the Administration's budget (as reestimated by CBO) and $6.6 million in BA and $0.3 million in outlays over the CBO baseline.

Minor Construction Account:

Reduction of backlog: The Committee recommends funding to reduce the growing backlog in the minor construction program, which funds many projects essential for safety purposes and for adapting VA's older facilities for modern medicine and to meet the needs of today's veterans. VA, in response to budget hearing follow-up questions, stated that VA medical centers "have identified approximately $2.0 billion" in minor construction requirements and that VA "has recognized for some time the growing backlog in the minor program". The President's request for the Minor Construction account in FY 1992 was $37.5 million less than VA had requested.

Cost: $37.5 million in BA and $9.8 million in outlays as compared to the Administration budget.

Minor Construction account total: $233.2 million in BA and $142.9 million in outlays, which is $37.5 million in BA and $9.8 million in outlays over the Administration budget and $95.4 million in BA and $23.6 million in outlays over the CBO baseline.

State Home Construction Grant Account:

State Home Construction Grant account total: $85 million in BA and $40.1 million in outlays, which is the same as the Administration budget (as reestimated by CBO) and $12.2 million in BA and nothing in outlays over the CBO baseline.

Medical Care Cost Recovery Fund:

Medical Care Cost Recovery Fund total: $55 million in BA and $56.8 in outlays, which is the same as the Administration budget.

Reimbursements for Medical Care Account:

The Committee does not accept the Administration's proposal to extend and expand the copayment provisions from the Omnibus Budget Reconciliation Act of 1990. The Committee's views are discussed further elsewhere in this report (page 25).

Reimbursements for Medical Care account total: Savings of $430.9 million in both BA and outlays, which is $88.8 million in both BA and outlays less than the savings under the Administration budget (as reestimated by CBO).

Subfunction 704, Veterans Housing

Home Loan Programs (all accounts combined):

Legislation:

Administration Proposed:

Add resale loss to net-value calculation and exempt GNMA from VA no-bids: The Committee does not accept the Administration's proposal for legislation to make major changes in the formula VA uses to determine whether to buy, then resell, a property securing a foreclosed loan, or simply to pay the VA guaranty and decline to bid on the property at foreclosure. The Congress reexamined this statutory calculation, called the "no-bid" formula, in November 1989, when it enacted in Public Law 101-237, a prohibition against implementing an Administration proposal to consider the "cost of funds" in the no-bid formula. Including the cost of funds would have increased the rate of no-bids by 40 percent. The latest proposal to include "VA's average loss" in the no-bid formula is a more drastic change that effectively would double the current VA no-bid rate. Such a dramatic rise in no-bids likely would force many lenders out of the VA loan market, limiting veterans' access to these loans and reducing or eliminating the value of this important benefit for many veterans.

The Administration proposal to exempt VA-guaranteed loans held by the Government National Mortgage Association (GNMA), shifts costs from one government agency to another. The Committee is sensitive to the effect of VA no-bids on GNMA and plans to examine the issue in hearings during this Congress. The Committee does not accept the Administration's proposal at this time.

Require a 2.5-percent fee and 10-percent downpayment for multiple use of loan: The Committee does not accept the Administration's proposal to require a 2.5-percent fee and 10-percent downpayment for use of restored entitlement for loan-guaranty benefits.

Permanent extension of loan-fee increase: The Committee does not accept the Administration's proposal to extend permanently the 0.625-percent loan-fee increase enacted in the Omnibus Budget Reconciliation Act of 1990 (OBRA). (This and other extensions of OBRA proposed by the

Administration are discussed elsewhere in this report (page 25).)

Cost: $251 million in both BA and outlays as compared to the Administration's budget (as reestimated by CBO) in various home-loan accounts, other than the liquidating accounts created under OBRA credit-reform provisions. As an entitlement program, VA home-loan guaranties are not subject to limitation under credit-reform legislation. CBO, however, is required to use credit-reform accounting for the program, which would appear to add a non-recurring FY 1992 "cost" of $996.8 million as compared to the Administration's budget (as reestimated by CBO). Under credit reform, this cost is supposed to represent the estimated present value of all future effects of the proposals on all loans guaranteed prior to FY 1992.

Veterans Housing combined account total: $1.28 billion in BA and $1.24 billion in outlays, which is $1.25 billion in both BA and outlays over the Administration budget (as reestimated by CBO).

Subfunction 705 - Other Veterans Benefits and Services

General Operating Expenses Account:

Veterans Benefits Administration:

Due process notices under section 115 of Public Law 101-237: Section 115 of Public Law 101-237 requires VA, in any case in which the Secretary denies a benefit, to provide in a timely manner notice of the decision, including a summary of the evidence considered and the reasons for the decision. VA estimates that 145 FTE and $2.1 million, not provided for in the Administration's budget, will be needed to implement this provision in FY 1992. (Add 145 FTE.)

Cost: $7.3 million in BA and $6.4 million in outlays as compared to the Administration budget.

Adjudication timeliness: VA's budget submission states that, over the past ten years, FTEs in the Compensation, Pension, and Education program have been reduced by 35 percent and that virtually all of the key indicators in measuring timeliness have shown a continuing deterioration. In addition to recommending an additional 145 FTE to enable VA to comply with the notice of decisions provision enacted in Public Law 101-237, the Committee recommends that another 59 FTE be added to address the continuing deterioration in the timeliness of VA claims adjudication.

Cost: $2.1 million in BA and $1.8 million in outlays as compared to the Administration budget.

Loan servicing and property management: The Committee recommends restoring the Administration's proposal to cut 114 FTE from loan-guaranty functions. The Administration's proposal to cut loan-guaranty staff represents false "savings" that actually will increase overall VA spending by increasing VA losses associated with loan foreclosures and property sales. OMB and CBO scorekeeping rules ignore this type of cost-reduction, while recognizing "savings" from salary and benefit reductions associated with staff cuts.

The real savings from foreclosure avoidance and better property management can be significant. A pilot project in the Houston regional office documented net savings of $11 million by adding just 10 FTE for these purposes. VA has testified before the Committee that VA could achieve similar results at other regional offices. Based on this experience, 114 FTE could represent a potential net savings to VA of over $125 million. (Add 114 FTE.)

Cost: $4.1 million in BA and $3.6 million in outlays as compared to the Administration budget.

Veterans Services: The Committee recommends providing funding to improve the Veterans Services program through more efficient telephone services and increased outreach in larger metropolitan areas and on military installations. This recommendation would provide for the following:

Telephone service: Increased staffing to improve telephone access for the estimated 3 million callers annually who receive a busy signal in their first attempt to reach VA or who hang up because of untimely assistance. VA estimates that in FY 1992 8 percent of their local public calls and 27 percent of their long-distance public calls will be blocked -- the caller getting a busy signal -- and that over 8 percent of those who do get through will hang up before a veterans benefits counselor is able to assist them. (Add 28 FTE.)

Personal services in large metropolitan areas: Increased staffing to provide adequate veterans benefits counselors' services at decentralized service sites, adding a resident office at each of the 64 major metropolitan areas where there currently is little or no face-to-face service. (Add 64 FTE.)

Outreach to military installations: Increased staffing in order to carry out the Transition

Assistance Program (TAP) in FY 1992 without creating an adverse impact on the quality of other Veterans Services programs.

The National Defense Authorization Act of 1991 (Public Law 101-510) requires VA to cooperate with the Departments of Defense and Labor to furnish a program of counseling, assistance, and information to members of the Armed Forces who are within 180 days of separation. The Administration's budget request provides no new staffing for this responsibility but calls for the use of existing staffing resources diverted from other activities. In response to Committee questions, VA noted that an adequate TAP for FY 1992 will require a minimum of 60 FTE to staff the more than 90 anticipated TAP sites in the continental U.S. VA stated that diverting these FTE from regional office telephone units to participate in TAP would cause an estimated 500,000 additional unanswered calls in FY 1992 and reduce patient and at-office interviews to inadequate levels. (Add 60 FTE.)

Cost: $5.5 million in BA and $4.8 million in outlays as compared to the Administration budget.

Vocational Rehabilitation and Counseling (VR&C): The Committee recommends providing for additional FTE to achieve VA processing timeliness standards for VR&C services and to provide assistance to those being discharged through the disabled transition assistance program (DTAP). The Administration recommends a reduction of 24 FTE although the current vocational-rehabilitation counselor caseload exceeds the 125 average necessary to bring rehabilitation timeliness within VA standards and does not provide for additional staffing to administer the DTAP.

Vocational rehabilitation timeliness: In response to post-hearing questions, VA noted that a service-disabled veteran entitled to VA vocational rehabilitation benefits now must wait an average of 91 days to be seen for an initial appointment. VA's goal is to reduce that waiting time to 30 days. The time required for a veteran to become employed and able to maintain employment currently averages 265 days. VA's goal is 90 to 120 days. Because vocational rehabilitation services directly represent our Nation's commitment to service-connected disabled veterans -- those whose sacrifices deserve the highest priority -- it is imperative that services provided under this program become more responsive. The current, unacceptable lag time between application for services and initial face-to-face counseling reduces the applicant's level of motivation and morale, gives the impression that the system is unresponsive and uncaring, and exacerbates the tendency to depression and increased psychosomatic symptoms for a person who has become disabled.

According to VA, a workload standard for Counseling Psychologists is 18 cases per month, and a caseload standard for Vocational Rehabilitation Specialists is 125 cases. Clerical support is needed at the ratio of 1 for every 4 professional staff. Based on existing FY 1991 workload -- and the Committee believes that it may well increase in FY 1992 as a by-product of the Persian Gulf War experience not considered by VA -- VA reports that to reach its timeliness goals of initial counseling and employment services, they will need an additional 90 Counseling Psychologists, 95 Vocational Rehabilitation Specialists, and 46 clerical/support staff. The Committee recommends these increases in order to enable VA to provide timely, quality services. (Add 231 FTE.)

DTAP: Also, in response to Committee questions, VA also noted that in FY 1992 a total of 42 FTE would be required to expand DTAP services to 192 sites and provide face-to-face contact with servicemembers being released from the military with a medical discharge. The Committee recommends this increase. (Add 42 FTE.)

Cost: $9.9 million in BA and $8.7 million in outlays as compared to the Administration budget.

General Counsel:

The Committee recommends providing sufficient funds to allow the Office of General Counsel to restore the 30 FTE proposed to be cut in the FY 1992 budget request, despite the admittedly substantial workload increases noted in VA's budget documents (pages 24-166 and -167). (Add 30 FTE.)

Cost: $1.6 million in BA and $1.4 million in outlays as compared to the Administration budget.

National Cemetery System:

The Committee recommends a significant increase in funding for the National Cemetery System (NCS) to enable it to address its many pressing needs and ensure that veterans cemeteries are maintained at their historic levels of beauty and dignity. The Administration's budget request for the NCS includes an insufficient $3.5 million increase and a 37-

FTE decrease compared to FY 1991 levels, which would leave unaddressed many significant problems. The NCS needs, and the Committee recommends, additional funding in FY 1992 of $19.7 million to (1) address its backlog in replacement equipment ($9 million); (2) bring the staffing level in the field up to the level required to meet its workload demands ($5.2 million, 180 FTE); (3) undertake repair and maintenance projects that have been deferred since FY 1987 ($2 million); (4) replenish its inventory of basic supplies and materials, including water ($1.5 million); (5) activate the San Joaquin National Cemetery, as previously planned, in November 1991 ($2 million, 18 FTE). These recommendations are in line with those made in the Independent Budget (pages 69 and 70).

Cost: $19.7 million in BA and $17.4 million in outlays as compared to the Administration budget.

Board of Veterans Appeals:

The Committee recommends providing sufficient funds to allow BVA to maintain an average response time of 150 days or less during FY 1992. In response to Committee questions, VA indicated that 22 additional FTE would be required to enable the BVA to achieve this 150-day response time during FY 1992. (Add 22 FTE.)

Cost: $1.2 million in BA and $1.1 million in outlays as compared to the Administration budget.

LEGISLATION:

Administration Proposed:

Two-year funding authority for information resources management: Until VA's modernization program is completed, VA is requesting legislation which will provide two-year funding for the acquisition of all ADP equipment, software, supplies, and services to support the first stage of VBA's modernization long-term solution. Two-year funding provides a mechanism to allow for unanticipated delays from external factors such as protests and bid disputes. The Committee supports this proposal. No additional costs would be entailed.

Deferral of ADP acquisition: The President's budget proposes that $42 million requested for the acquisition of ADP equipment and services to support the modernization program in the VBA "not become available for obligation until September 1, 1992". To prepare adequately for national implementation of the modernization program it is prudent for VBA first to acquire the necessary ADP hardware for both a test system and an application system. This equipment will cost approximately $5 million. The timely development of new applications is critical to the overall schedule for full implementation of the ADP modernization plan within VBA. The Committee recommends that the Administration's proposed appropriation language be amended to allow $5 million for ADP acquisition of equipment and services to support the VBA modernization program to be made available for obligation from the beginning of FY 1992. No additional costs would be entailed.

General Operating Expenses account total: $899.2 million in BA and $899.1 million in outlays, which is $51.4 million in BA and $45.2 million in outlays over the Administration budget (as reestimated by CBO) and $51.4 million in BA and $44.7 million in outlays over the CBO baseline.

United States Court of Veterans Appeals:

Pursuant to section 4082(a) of title 38, the Court's budget request ($9.1 million in BA and $7.7 million in outlays) is submitted to the Congress without review by the Office of Management and Budget or other Executive branch officials. The Committee has examined the Court's submission carefully and, although it is difficult to make comparisons to the Court's previous budgets since this is its first year with a full complement of seven judges, the Committee believes that the proposed funding level is reasonable and appropriate to ensure that the Court has sufficient resources to carry out its important mission and we recommend full funding of the Court's request.

Function 700 - General

LEGISLATION:

Administration Proposed: The Administration proposes legislation to repeal the expiration dates for temporary fees and benefits cuts imposed by the Omnibus Budget Reconciliation Act of 1990 (OBRA) (Public Law 101-508). This would mean that the savings in veterans' programs over the next five years would exceed the Committee's reconciliation instructions last year by $2.4 billion in outlays. Veterans already are shouldering more than their share of the deficit-reduction burden; repealing the expiration dates would force veterans to increase their share by another 80 percent. The Committee does not accept the Administration's proposal to extend and expand the reconciliation provisions affecting veterans' programs.

Cost: $88.8 million in both BA and outlays as compared to the Administration budget. This does not include the proposal to make permanent the increase in the VA-guaranteed home-loan fee, which is discussed separately under the section concerning the home-loan program (page 19).

Committee Proposed:

Unspecified Savings: Under OBRA's "pay-as-you-go" rule, new legislation that increases direct spending generally must be offset by legislation that produces savings or receipts equal to the costs incurred. The Committee intends to comply with this requirement by reporting legislation that will increase receipts or decrease direct spending by an amount equal to the total direct-spending costs of Committee-reported legislation that is subject to the "pay-as-you-go" rule and not paid for through revenues.

Cost: Maximum savings of $230 million in both BA and outlays as compared to the Administration's budget, depending on the extent to which the Committee's legislation is subject to the "pay-as-you-go" rule and not paid for through revenues.

Need for an FY 1991 Supplemental Appropriation:

The Committee proposes a $266 million supplemental appropriation in FY 1991 to fund adequately the costs incurred by VA in connection with Operation Desert Shield and Operation Desert Storm. The FY 1991 VA, HUD, and Independent Agencies Appropriations Act, enacted on November 5, 1990 (Public Law 101-507), did not include any funding for costs associated with Operation Desert Shield and Operation Desert Storm.

Medical Care: The Committee recommends $46 million in supplemental appropriations to fund FY 1991 medical-care costs associated with Operations Desert Shield and Desert Storm. This represents costs VA has incurred or will incur in FY 1991 even without treating casualties from the Persian Gulf War under VA's statutory responsibility to provide backup for Defense Department medical facilities during military conflicts. The amount includes $3.6 million for planning and preparing for war casualties, $22 million for replacement of medical-care staff reservists called to active duty, $16.4 for health benefits for returning service personnel, including dental care to which reservists and servicemembers are entitled upon release from active duty, and $4 million for treatment of post-traumatic stress disorder in returning Persian Gulf War veterans.

National Cemetery System: The Committee has received repeated, disturbing reports of deteriorating conditions at National Cemeteries in almost every part of the country. The longstanding, and worsening, funding crisis in our National Cemetery System is a national disgrace, especially just as some of these cemeteries are receiving the remains of valiant servicemembers who made the ultimate sacrifice in the Persian Gulf. The NCS needs, and the Committee recommends, additional FY 1991 funding of $5 million to replace equipment, to bring staffing up to the level required to meet NCS's increasing workload demands, and to replenish basic supplies and materials, including water.

General Operating Expenses: Approximately 150,000 reservists called to active duty in connection with Operations Desert Shield and Desert Storm will qualify for the first time for VA benefits. The Committee recommends $12 million in supplemental funding for costs VA has incurred or will incur to provide transition assistance and claims processing for these 150,000 "new" veterans who will now qualify for veterans' benefits, along with the many thousands who will be discharged in the remaining months of FY 1991.

Increase in Servicemen's Group Life Insurance (SGLI) and payment of death gratuities (S. 232): The Committee recommends supplemental funding of $124 million, the cost CBO estimates for S. 232, which would provide for payment of a death gratuity to survivors of servicemembers who died after the beginning of the Persian Gulf War (August 1, 1990) but before the effective date of the SGLI-benefit increase in S. 232, while covered by a SGLI policy. The amount of the gratuity would be equal to the amount of SGLI coverage that the servicemember had at the time of death (a maximum of $50,000).

Veterans' Eduction, Training, and Rehabilitation programs: The Committee recommends supplemental FY 1991 funding of $75 million to cover the costs associated with the cost-of-living adjustment in Montgomery GI Bill benefits, effective April 1, 1991, under a modification the Committee intends to make to S. 386.

Veterans' employment and training programs (Subfunction 504): The Committee recommends supplemental funding of $4 million to enable the Department of Labor to expand the current pilot Transition Assistance Program, in accordance with the National Defense Authorization Act of 1991 (Public Law 101-510), and to provide assistance to servicemembers in making the transition from active duty to civilian employment. The Committee expects a very significant increase in demand for these services as a result of deactivation of forces following the end of the Persian Gulf War.

Cost: $266 million in BA and $204.62 million in outlays as compared to the current FY 1991 funding levels.

FUNCTION 500 - EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES

Subfunction 504 - Employment and Training

Veterans' Employment and Training Programs:

Disabled veterans' outreach program specialists (DVOPs): The Committee recommends adding resources to provide for the funding level required by the statutory funding formula for DVOPs contained in section 2003A of title 38, United States Code. Under section 2003A, the Secretary of Labor is required annually to make available for use in each State sufficient funds to support the appointment of one DVOP for each 5,300 Vietnam-era and disabled veterans residing in the State. The President's FY 1992 budget request of $34.9 million for the DVOP program -- a decrease of $42.3 million from FY 1991 -- reflects the December 31, 1991, expiration of the inclusion of Vietram-era veterans in the DVOP funding formula, which would reduce the number of DVOPs from 1,885 to 438.

Legislation to extend the inclusion of Vietnam-era veterans in the current DVOP funding formula has passed both the House and Senate. On February 5, 1991, the House passed H.R. 180, which contains a provision to extend the inclusion of Vietnam-era veterans through 1994. The Senate passed H.R. 180 on March 7, 1991, clearing it for the President's signature.

DVOPs constitute a nationwide system for furnishing counseling, training, and placement services to veterans. Additional demands will be placed on DVOPS as the Department of Labor fulfills its responsibility for the provision of transition assistance to servicemembers impacted by the planned reduction in military force size. Federal support of these personnel represents the major part of the government's effort to ensure that those whose service has kept our Nation free and strong have a full opportunity to participate in the economic system that their sacrifices have preserved. The Committee believes that the Administration-proposed reduction would result in insufficient staffing to meet the employment needs of veterans. (Add 1447 FTE.)

Cost: $51.1 million in BA and $46 million in outlays as compared to the Administration budget.

Local veterans' employment representatives (LVERs): The Committee recommends adding resources to provide for the funding level for LVERs required by section 2004 of title 38, United States Code. LVERs supervise and assist in the provision of employment services to veterans in local employment offices. Under section 2004, the Secretary of Labor is required to provide funding for 1,600 LVER positions. The Administration request of $74.2 million provides for only 93 percent of the mandated 1,600 positions. (Add 108 FTE.)

Cost: $5.0 million in BA and $4.5 million in outlays as compared to the Administration budget.

National Veterans' Training Institute (NVTI): The NVTI provides training to Federal and State employees and managers involved in the direct delivery of employment and training services to veterans, including such subjects as reemployment rights, veterans benefits, and basic DVOP and LVER training. The Department of Labor had entered into a contract to train approximately 2,000 persons at the NVTI in 1992, but the Administration has requested no funds for it and proposes to terminate the contract as part of its deficit reduction efforts. The Committee believes that training of these personnel is critical to the maintenance of quality employment assistance and recommends full funding for the NVTI in FY 1992.

Cost: $2.9 million in BA and $2.6 million in outlays as compared to the Administration budget.

Transition Assistance Program (TAP): A significant consequence of the planned reduction in our overall military forces will be the separation of large numbers of individuals who volunteered for military duty. The National Defense Authorization Act for FY 1991 established the responsibility of DoL to cooperate with the Departments of Defense and Veterans Affairs to conduct the TAP, which will provide assistance to servicemembers in making the transition from active duty to civilian employment. FY 1992 appropriations of $9 million were authorized for DoL in anticipation of the expansion of the current pilot TAP program in seven States to operation in 36 States. The Committee recommends the full authorized funding level for TAP.

Cost: $7.2 million in BA and $6.5 million in outlays as compared to the Administration budget.

Veterans' employment and training, combined account total: $195.4 million in BA and $192.2 million in outlays, which is $66.2 million in BA and $59.6 million in outlays over the Administration budget and $45.3 million in BA and $40.6 million in outlays over the CBO baseline.

	BUDGET AUTHORITY ($ in millions)				
	FY 92 CBO Baseline	FY 92 President (re-estimated)	FY 92 SVAC Proposed	SVAC-President	SVAC-Baseline
Subfunction 701 - Income Security					
COMPENSATION	$11,991.3	$11,991.3	$11,991.3	$0.0	$0.0
Proposed legislation:					
Administration & SVAC					
Compensation/DIC COLA (5.3%)	486.0	486.0	486.0	0.0	0.0
DIC reform	0.0	2.5	10.0	7.5	10.0
Administration					
Elim. expiration date for limit on estates of incompetent veterans (n.1)	0.0	0.0	0.0	0.0	0.0
SVAC					
Radiation-exposed reservists (S. 127)	0.0	0.0	1.0	1.0	1.0
Expand radiation-exposed-veterans provisions (S. 127)	0.0	0.0	7.0	7.0	7.0
SUBTOTAL (Compensation)	12,477.3	12,479.8	12,495.3	15.5	18.0
PENSION	3,694.6	3,694.6	3,694.6	0.0	0.0
Proposed legislation:					
Administration					
Elim. expiration date for income verification (n.1)	0.0	0.0	0.0	0.0	0.0
Elim. expiration date for pension reduction for Medicaid-eligible veterans in nursing homes (n.1)	0.0	0.0	0.0	0.0	0.0
Require 180 days of wartime service	0.0	-4.0	0.0	4.0	0.0
SUBTOTAL (Pension)	3,694.6	3,690.6	3,694.6	4.0	0.0
BURIAL BENEFITS & MISC. ASSISTANCE	107.8	107.8	107.8	0.0	0.0

	BUDGET AUTHORITY ($ in millions)				
	FY 92 CBO Baseline	FY 92 President (re-estimated)	FY 92 SVAC Proposed	SVAC-President	SVAC-Baseline
INSURANCE					
Combined Accounts	1,092.0	1,092.0	1,092.0	0.0	0.0
Proposed legislation:					
SVAC					
Increase VMLI coverage (S. 127)	0.0	0.0	2.0	2.0	2.0
Increase SDVI coverage (S. 127)	0.0	0.0	1.0	1.0	1.0
Subtotal (SVAC legislation)	0.0	0.0	3.0	3.0	3.0
SUBTOTAL (Insurance)	1,092.0	1,092.0	1,095.0	3.0	3.0
TOTAL (Subfunction 701)	17,372.4	17,370.2	17,392.7	22.5	21.0
Subfunction 702 - Veterans Education, Training, and Rehabilitation					
VETERANS EDUCATION, TRAINING, and REHABILITATION					
Combined Accounts	654.7	654.7	654.7	0.0	0.0
Proposed legislation:					
Administration					
Elim. rehabilitation for veterans rated 20% disabled	0.0	-10.0	0.0	10.0	0.0
Limit ch. 35 to natural and adopted children	0.0	-1.0	0.0	1.0	0.0
Terminate Education Loan Fund program (n.2)	0.0	-*	0.0	0.0	0.0
Subtotal (Administration legislation)	0.0	-11.0	0.0	11.0	0.0
SVAC					
Montgomery GI Bill COLA	0.0	0.0	190.0	190.0	190.0
Increase ch. 106 benefit for Persian Gulf veterans	0.0	0.0	19.0	19.0	19.0
Subtotal (SVAC legislation)	0.0	0.0	209.0	209.0	209.0
TOTAL (Subfunction 702)	$654.7	$643.7	$863.7	$220.0	$209.0

	BUDGET AUTHORITY ($ in millions)				
	FY 92 CBO Baseline	FY 92 President (re-estimated)	FY 92 SVAC Proposed	SVAC-President	SVAC-Baseline
Subfunction 703 - Hospital and Medical Care for Veterans					
MEDICAL CARE	$13,226.1	$13,287.1 196,114 FTE	$13,287.1 196,114 FTE	$0.0	$61.0
SVAC funding proposals in addition to Admin. request					
AIDS care	0.0	0.0	75.0 800 FTE	75.0	75.0
Replacement medical equipment (reduce $864m backlog)	0.0	0.0	150.0	150.0	150.0
Outpatient care (reduce clinic waiting times)	0.0	0.0	50.0 652 FTE	50.0	50.0
Hospital-based home care (14 new units)	0.0	0.0	6.0 82 FTE	6.0	6.0
Adult day health care (5 new units)	0.0	0.0	2.0 43 FTE	2.0	2.0
Geriatric evaluation and management (16 new, 10 enhanced units)	0.0	0.0	2.5 34 FTE	2.5	2.5
Blind rehabilitation (reduce waiting lists)	0.0	0.0	2.0 40 FTE	2.0	2.0
Decentralized Hospital Computer Program (equipment and initiatives)	0.0	0.0	62.0 118 FTE	62.0	62.0
Subtotal (SVAC funding proposals)	0.0	0.0	349.5 1,769 FTE	349.5	349.5
Proposed legislation:					
Administration & SVAC					
Physician/dentist special pay	0.0	41.5	67.0	25.5	67.0
Readjustment counseling for Persian Gulf and other combat-theater veterans) (S. 127)	0.0	1.0 30 FTE	1.0 30 FTE	0.0	1.0
Subtotal (Administration & SVAC legislation)	0.0	42.5	68.0	25.5	68.0

	BUDGET AUTHORITY ($ in millions)				
	FY 92 CBO Baseline	FY 92 President (re-estimated)	FY 92 SVAC Proposed	SVAC-President	SVAC-Baseline
Administration					
Restrict beneficiary travel	0.0	-37.8	0.0	37.8	0.0
Child-care centers	0.0	1.2	1.2	0.0	1.2
Textile procurement	0.0	-6.4	-6.4	0.0	-6.4
Subtotal (Administration legislation)	0.0	-43.0	-5.2	37.8	-5.2
SVAC					
Home improvement structural alteration grants (S. 127)	0.0	0.0	2.0	2.0	2.0
Procreative services (S. 127)	0.0	0.0	1.0	1.0	1.0
Preventive services (S. 127)	0.0	0.0	16.0 209 FTE	16.0	16.0
Rural mobile health-care clinics (S. 127)	0.0	0.0	5.0 35 FTE	5.0	5.0
Psychologist special pay (S. 127)	0.0	0.0	2.0	2.0	2.0
Care for combat-theater veterans with service-related PTSD) (S. 127)	0.0	0.0	31.0 496 FTE	31.0	31.0
Mental Illness Research, Education, and Clinical Centers (S. 127)	0.0	0.0	3.1 50 FTE	3.1	3.1
Elig. for prosthetic and other medical devices (S. 127)	0.0	0.0	7.0	7.0	7.0
Expanded services for homeless veterans (S. 127)	0.0	0.0	53.0 293 FTE	53.0	53.0
Subtotal (SVAC legislation)	0.0	0.0	120.1 581 FTE	120.1	120.1
SUBTOTAL (Medical Care)	13,226.1	13,286.6 196,114 FTE	13,819.5 198,996 FTE	532.9 2,882 FTE	593.4

	BUDGET AUTHORITY ($ in millions)				
	FY 92 CBO Baseline	FY 92 President (re-estimated)	FY 92 SVAC Proposed	SVAC-President	SVAC-Baseline
MEDICAL AND PROSTHETIC RESEARCH	233.3	216.8 3,916 FTE	216.8 3,916 FTE	0.0	-16.5
SVAC funding proposal in addition to Admin. request Restore and enhance research funding	0.0	0.0	33.0 550 FTE	33.0	33.0
SUBTOTAL (Medical and Prosthetic Research)	233.3	216.8 3,916 FTE	249.8 4,466 FTE	33.0 550 FTE	16.5
HEALTH-PROFESSIONAL SCHOLARSHIP PROGRAM	10.5	10.1	10.1	0.0	-0.4
MEDICAL ADMIN. AND MISC. OPER. EXPENSES	44.9	40.5 521 FTE	40.5 521 FTE	0.0	-4.4
SVAC funding proposals in addition to Admin. request Restore proposed reductions	0.0	0.0	5.7 59 FTE	5.7	5.7
Proposed legislation: Administration & SVAC Physician/dentist special pay	0.0	0.6	0.0	-0.6	0.0
SUBTOTAL (MAMOE)	44.9	41.1 521 FTE	46.2 580 FTE	5.1 59 FTE	1.3
CONSTRUCTION, Major Projects	603.4	450.0 55 FTE	450.0 55 FTE	0.0	-153.4
SVAC funding proposals in addition to Admin. request High-priority projects	0.0	0.0	160.0	160.0	160.0
SUBTOTAL (Major Construction)	603.4	450.0 55 FTE	610.0 55 FTE	160.0	6.6

	BUDGET AUTHORITY ($ in millions)				
	FY 92 CBO Baseline	FY 92 President (re-estimated)	FY 92 SVAC Proposed	SVAC-President	SVAC-Baseline
CONSTRUCTION, Minor Projects	137.8	195.7	195.7	0.0	57.9
SVAC funding proposals in addition to Admin. request					
Reduce backlog of projects	0.0	0.0	37.5	37.5	37.5
SUBTOTAL (Minor Construction)	137.8	195.7	233.2	37.5	95.4
STATE HOME CONSTRUCTION GRANTS	72.8	85.0	85.0	0.0	12.2
GRANTS TO THE PHILIPPINES	0.5	0.5	0.5	0.0	0.0
PARKING GARAGE REVOLVING FUND	30.1	8.5	8.5	0.0	-21.5
MEDICAL CENTER RESEARCH ORGANIZATION FUND	0.0	0.0	0.0	0.0	0.0
SPECIAL THERAPEUTIC AND REHABILITATION ACTIVITIES FUND	0.0	0.0	0.0	0.0	0.0
MEDICAL CARE COST RECOVERY FUND					
Administration	55.0	55.0 1,578 FTE	55.0 1,578 FTE	0.0	0.0
REIMBURSEMENTS FOR MEDICAL CARE					
Copayments and other receipts	-430.9	-430.9	-430.9	0.0	0.0
Proposed legislation:					
Administration					
Elim. expiration date for increased co-payments	0.0	-88.8	0.0	88.8	0.0
Elim. expiration date for billing service-connected veterans for non-service-connected care (n.1)	0.0	0.0	0.0	0.0	0.0
SUBTOTAL (Reimbursements for medical care)	-430.9	-519.7	-430.9	88.8	0.0
TOTAL (Subfunction 703)	$13,983.5	$13,829.7	$14,687.0	$857.3	$703.5

	BUDGET AUTHORITY ($ in millions)				
	FY 92 CBO Baseline	FY 92 President (re-estimated)	FY 92 SVAC Proposed	SVAC-President	SVAC-Baseline
Subfunction 704 - Veterans Housing					
GUARANTY AND INDEMNITY PROGRAM	$233.7	$233.7	$233.7	$0.0	$0.0
Proposed Legislation:					
Administration					
Add resale loss to net value calculation					
Exempt GNMA from no-bids					
Elim. expiration date for 0.625% increase in loan fees					
Require 2.5% fee and 10% downpayment for use of restored entitlement					
Subtotal (combined effect on program account) (n.3)	0.0	-243.0	0.0	243.0	0.0
Subtotal (combined effect on liquidating account) (n.4)	0.0	-176.7	0.0	176.7	0.0
SUBTOTAL (Guaranty and Indemnity program)	233.7	-186.0	233.7	419.7	0.0
LOAN GUARANTY PROGRAM	1,041.8	1,041.8	1,041.8	0.0	0.0
Proposed Legislation:					
Administration					
Add resale loss to net value calculation					
Exempt GNMA from no-bids					
Elim. expiration date for 0.625% increase in loan fees					
Require 2.5% fee and 10% downpayment for use of restored entitlement					
Subtotal (combined effect on program account) (n.3)	0.0	-8.0	0.0	8.0	0.0
Subtotal (combined effect on liquidating account) (n.4)	0.0	-820.1	0.0	820.1	0.0
SUBTOTAL (Loan Guaranty program)	1,041.8	213.7	1,041.8	828.1	0.0
DIRECT LOAN PROGRAM	0.0	0.0	0.0	0.0	0.0
TOTAL (Subfunction 704)	$1,275.5	$27.7	$1,275.5	$1,247.8	$0.0

	BUDGET AUTHORITY ($ in millions)				
	FY 92 CBO Baseline	FY 92 President (re-estimated)	FY 92 SVAC Proposed	SVAC-President	SVAC-Baseline
Subfunction 705 - Other Veterans Benefits & Services					
GENERAL OPERATING EXPENSES	$847.8	$847.8 17,321 FTE	$847.8 17,321 FTE	$0.0	$0.0
SVAC funding proposals in addition to Admin. request					
Veterans Benefits Administration --					
Veterans' services (Transition Assistance Program, phone access, resident offices in metro areas)	0.0	0.0	5.5 152 FTE	5.5	5.5
Vocational rehabilitation & counseling (D-TAP; improve timeliness)	0.0	0.0	9.9 273 FTE	9.9	9.9
Compensation, pension & education claims (improve timeliness)	0.0	0.0	2.1 59 FTE	2.1	2.1
Compliance with PL 101-237 notice requirements	0.0	0.0	7.3 145 FTE	7.3	7.3
Loan servicing & property management	0.0	0.0	4.1 114 FTE	4.1	4.1
General Counsel (restore proposed cut)	0.0	0.0	1.6 30 FTE	1.6	1.6
Board of Veterans Appeals --					
Maintain 150-day response time	0.0	0.0	1.2 22 FTE	1.2	1.2
National Cemetery System --					
Replacement equipment (reduce $864m backlog)	0.0	0.0	9.0	9.0	9.0
Additional staffing	0.0	0.0	5.2 180 FTE	5.2	5.2
Deferred maintenance and repair projects	0.0	0.0	2.0	2.0	2.0
Supplies and materials (including water)	0.0	0.0	1.5	1.5	1.5

	BUDGET AUTHORITY ($ in millions)				
	FY 92 CBO Baseline	FY 92 President (re-estimated)	FY 92 SVAC Proposed	SVAC-President	SVAC-Baseline
Activation of San Joaquin Valley National Cemetery	0.0	0.0	2.0 18 FTE	2.0	2.0
Subtotal (SVAC funding proposals)	0.0	0.0	51.4 993 FTE	51.4	51.4
SUBTOTAL (GOE)	847.8	847.8 17,268 FTE	899.2 17,715 FTE	51.4 447 FTE	51.4
OTHER (Within the Committee's jurisdiction)	75.2	80.3 4,552 FTE	80.3 4,552 FTE	0.0	5.2
OTHER (Not within Committee's jurisdiction)	71.8	62.2	71.8	9.6	0.0
U.S. COURT OF VETERANS APPEALS	8.5	9.6	9.6	0.0	1.1
TOTAL (Subfunction 705)	$1,003.2	$999.9	$1,060.9	$61.0	$57.7
TOTAL BUDGET AUTHORITY (Function 700)	$34,289.2	$32,871.2	$35,279.8	$2,408.5	$991.2

NOTES:
1. No effect in FY 1992.
2. No significant effect.
3. Proposals interact. Costs/savings reflect combined effect of all Administration legislative proposals.
4. Effect of credit-reform accounting. VA home-loan guaranties are not subject to limitation under credit reform. Liquidating accounts are intended to reflect present value of all future effects on loans guaranteed prior to FY 1992.

	BUDGET AUTHORITY ($ in millions)				
	FY 92 CBO Baseline	FY 92 President (re-estimated)	FY 92 SVAC Proposed	SVAC-President	SVAC-Baseline
Subfunction 504 - Training and Employment					
DEPARTMENT OF LABOR					
VETERANS EMPLOYMENT & TRAINING SERVICE	150.1	129.2	129.2	0.0	-20.9
SVAC funding proposals in addition to Admin. request					
Compliance with statutory funding requirements					
Disabled veterans' outreach program	0.0	0.0	51.1	51.1	51.1
Local veterans' employment representatives	0.0	0.0	5.0	5.0	5.0
National Veterans' Training Institute	0.0	0.0	2.9	2.9	2.9
Transition assistance program	0.0	0.0	7.2	7.2	7.2
TOTAL INCREASE (Veterans Employment & Training Service)	150.1	129.2	195.4	66.2	45.3

	OUTLAYS ($ in millions)				
	FY 92 CBO Baseline	FY 92 President (re-estimated)	FY 92 SVAC Proposed	SVAC-President	SVAC-Baseline
Subfunction 701 - Income Security					
COMPENSATION	$11,997.2	$11,997.2	$11,997.2	$0.0	$0.0
Proposed legislation:					
Administration & SVAC					
Compensation/DIC COLA (5.3%)	438.3	438.3	438.3	0.0	0.0
DIC reform	0.0	2.3	9.2	6.9	9.2
Administration					
Elim. expiration date for limit on estates of incompetent veterans (n.1)	0.0	0.0	0.0	0.0	0.0
SVAC					
Radiation-exposed reservists (S. 127)	0.0	0.0	1.0	1.0	1.0
Expand radiation-exposed-veterans provisions (S. 127)	0.0	0.0	7.0	7.0	7.0
SUBTOTAL (Compensation)	12,435.5	12,437.8	12,452.7	14.9	17.2
PENSION	3,708.6	3,708.6	3,708.6	0.0	0.0
Proposed legislation:					
Administration					
Elim. expiration date for income verification (n.1)	0.0	0.0	0.0	0.0	0.0
Elim. expiration date for pension reduction for Medicaid-eligible veterans in nursing homes (n.1)	0.0	0.0	0.0	0.0	0.0
Require 180 days of wartime service	0.0	-4.0	0.0	4.0	0.0
SUBTOTAL (Pension)	3,708.6	3,704.6	3,708.6	4.0	0.0
BURIAL BENEFITS & MISC. ASSISTANCE	107.8	107.8	107.8	0.0	0.0

	OUTLAYS ($ in millions)				
	FY 92 CBO Baseline	FY 92 President (re-estimated)	FY 92 SVAC Proposed	SVAC-President	SVAC-Baseline
INSURANCE					
Combined Accounts	944.8	944.8	944.8	0.0	0.0
Proposed legislation:					
SVAC					
Increase VMLI coverage (S. 127)	0.0	0.0	2.0	2.0	2.0
Increase SDVI coverage (S. 127)	0.0	0.0	1.0	1.0	1.0
Subtotal (SVAC legislation)	0.0	0.0	3.0	3.0	3.0
SUBTOTAL (Insurance)	944.8	944.8	947.8	3.0	3.0
TOTAL (Subfunction 701)	17,196.8	17,195.1	17,217.0	21.9	20.2
Subfunction 702 - Veterans Education, Training, and Rehabilitation					
VETERANS EDUCATION, TRAINING, and REHABILITATION					
Combined Accounts	664.6	664.6	664.6	0.0	0.0
Proposed legislation:					
Administration					
Elim. rehabilitation for veterans rated 20% disabled	0.0	-10.0	0.0	10.0	0.0
Limit ch. 35 to natural and adopted children	0.0	-1.0	0.0	1.0	0.0
Terminate Education Loan Fund program (n.2)	0.0	-*	0.0	0.0	0.0
Subtotal (Administration legislation)	0.0	-11.0	0.0	11.0	0.0
SVAC					
Montgomery GI Bill COLA	0.0	0.0	190.0	190.0	190.0
Increase ch. 106 benefit for Persian Gulf veterans	0.0	0.0	19.0	19.0	19.0
Subtotal (SVAC legislation)	0.0	0.0	209.0	209.0	209.0
TOTAL (Subfunction 702)	$664.6	$653.6	$873.6	$220.0	$209.0

	OUTLAYS ($ in millions)				
	FY 92 CBO Baseline	FY 92 President (re-estimated)	FY 92 SVAC Proposed	SVAC-President	SVAC-Baseline
Subfunction 703 - Hospital and Medical Care for Veterans					
MEDICAL CARE	$13,368.2	$13,220.7 196,114 FTE	$13,220.7 196,114 FTE	$0.0	-$147.4
SVAC funding proposals in addition to Admin. request					
AIDS care	0.0	0.0	64.5 800 FTE	64.5	64.5
Replacement medical equipment (reduce $864m backlog)	0.0	0.0	129.0	129.0	129.0
Outpatient care (reduce clinic waiting times)	0.0	0.0	43.0 652 FTE	43.0	43.0
Hospital-based home care (14 new units)	0.0	0.0	5.2 82 FTE	5.2	5.2
Adult day health care (5 new units)	0.0	0.0	1.7 43 FTE	1.7	1.7
Geriatric evaluation and management (16 new, 10 enhanced units)	0.0	0.0	2.2 34 FTE	2.2	2.2
Blind rehabilitation (reduce waiting lists)	0.0	0.0	1.7 40 FTE	1.7	1.7
Decentralized Hospital Computer Program (equipment and initiatives)	0.0	0.0	53.3 118 FTE	53.3	53.3
Subtotal (SVAC funding proposals)	0.0	0.0	300.6 1,769 FTE	300.6	300.6
Proposed legislation:					
Administration & SVAC					
Physician/dentist special pay	0.0	41.5	67.0	25.5	67.0
Readjustment counseling for Persian Gulf and other combat-theater veterans) (S. 127)	0.0	1.0 30 FTE	1.0 30 FTE	0.0	1.0
Subtotal (Administration & SVAC legislation)	0.0	42.5	68.0	25.5	68.0

	OUTLAYS ($ in millions)				
	FY 92 CBO Baseline	FY 92 President (re-estimated)	FY 92 SVAC Proposed	SVAC-President	SVAC-Baseline
Administration					
Restrict beneficiary travel	0.0	-37.8	0.0	37.8	0.0
Child-care centers	0.0	1.2	1.2	0.0	1.2
Textile procurement	0.0	-6.4	-6.4	0.0	-6.4
Subtotal (Administration legislation)	0.0	-43.0	-5.2	37.8	-5.2
SVAC					
Home improvement structural alteration grants (S. 127)	0.0	0.0	2.0	2.0	2.0
Procreative services (S. 127)	0.0	0.0	1.0	1.0	1.0
Preventive services (S. 127)	0.0	0.0	14.0 209 FTE	14.0	14.0
Rural mobile health-care clinics (S. 127)	0.0	0.0	5.0 35 FTE	5.0	5.0
Psychologist special pay (S. 127)	0.0	0.0	2.0	2.0	2.0
Care for combat-theater veterans with service-related PTSD) (S. 127)	0.0	0.0	31.0 496 FTE	31.0	31.0
Mental Illness Research, Education, and Clinical Centers (S. 127)	0.0	0.0	1.0 50 FTE	1.0	1.0
Elig. for prosthetic and other medical devices (S. 127)	0.0	0.0	6.0	6.0	6.0
Expanded services for homeless veterans (S. 127)	0.0	0.0	45.0 293 FTE	45.0	45.0
Subtotal (SVAC legislation)	0.0	0.0	107.0 581 FTE	107.0	107.0
SUBTOTAL (Medical Care)	13,368.2	13,220.2 196,114 FTE	13,691.1 198,996 FTE	470.9 2,882 FTE	322.9

	OUTLAYS ($ in millions)				
	FY 92 CBO Baseline	FY 92 President (re-estimated)	FY 92 SVAC Proposed	SVAC-President	SVAC-Baseline
MEDICAL AND PROSTHETIC RESEARCH	224.4	212.3 3,916 FTE	212.3 3,916 FTE	0.0	-12.1
SVAC funding proposal in addition to Admin. request Restore and enhance research funding	0.0	0.0	24.1 550 FTE	24.1	24.1
SUBTOTAL (Medical and Prosthetic Research)	224.4	212.3 3,916 FTE	236.4 4,466 FTE	24.1 550 FTE	12.0
HEALTH-PROFESSIONAL SCHOLARSHIP PROGRAM	7.1	7.1	7.1	0.0	0.0
MEDICAL ADMIN. AND MISC. OPER. EXPENSES	43.4	40.5 521 FTE	40.5 521 FTE	0.0	-2.9
SVAC funding proposals in addition to Admin. request Restore proposed reductions	0.0	0.0	3.7 59 FTE	3.7	3.7
Proposed legislation: Administration & SVAC Physician/dentist special pay	0.0	0.6	1.0	0.4	1.0
SUBTOTAL (MAMOE)	43.4	41.2 521 FTE	45.2 580 FTE	4.1 59 FTE	1.9
CONSTRUCTION, Major Projects	495.3	488.4 55 FTE	488.4 55 FTE	0.0	-6.9
SVAC funding proposals in addition to Admin. request High-priority projects	0.0	0.0	7.2	7.2	7.2
SUBTOTAL (Major Construction)	495.3	488.4 55 FTE	495.6 55 FTE	7.2	0.3

	OUTLAYS ($ in millions)				
	FY 92 CBO Baseline	FY 92 President (re-estimated)	FY 92 SVAC Proposed	SVAC-President	SVAC-Baseline
CONSTRUCTION, Minor Projects	119.3	133.0	133.0	0.0	13.8
SVAC funding proposals in addition to Admin. request					
Reduce backlog of projects	0.0	0.0	9.8	9.8	9.8
SUBTOTAL (Minor Construction)	119.3	133.0	142.9	9.8	23.6
STATE HOME CONSTRUCTION GRANTS	40.1	40.1	40.1	0.0	0.0
GRANTS TO THE PHILIPPINES	0.5	0.5	0.5	0.0	0.0
PARKING GARAGE REVOLVING FUND	23.0	22.0	22.0	0.0	-1.1
MEDICAL CENTER RESEARCH ORGANIZATION FUND	-0.5	-0.5	-0.5	0.0	0.0
SPECIAL THERAPEUTIC AND REHABILITATION ACTIVITIES FUND	-0.3	-0.3	-0.3	0.0	0.0
MEDICAL CARE COST RECOVERY FUND					
Administration	56.8	56.8 1,578 FTE	56.8 1,578 FTE	0.0	0.0
REIMBURSEMENTS FOR MEDICAL CARE					
Copayments and other receipts	-430.9	-430.9	-430.9	0.0	0.0
Proposed legislation:					
Administration					
Elim. expiration date for increased co-payments	0.0	-88.8	0.0	88.8	0.0
Elim. expiration date for billing service-connected veterans for non-service-connected care (n.1)	0.0	0.0	0.0	0.0	0.0
SUBTOTAL (Reimbursements for medical care)	-430.9	-519.7	-430.9	88.8	0.0
TOTAL (Subfunction 703)	$13,946.4	$13,701.2	$14,306.0	$604.9	$359.6

	OUTLAYS ($ in millions)				
Subfunction 704 - Veterans Housing	FY 92 CBO Baseline	FY 92 President (re-estimated)	FY 92 SVAC Proposed	SVAC-President	SVAC-Baseline
GUARANTY AND INDEMNITY PROGRAM	$208.5	$208.5	$208.5	$0.0	$0.0
Proposed Legislation:					
Administration					
Add resale loss to net value calculation					
Exempt GNMA from no-bids					
Elim. expiration date for 0.625% increase in loan fees					
Require 2.5% fee and 10% downpayment for use of restored entitlement					
Subtotal (combined effect on program account) (n.3)	0.0	-243.0	0.0	243.0	0.0
Subtotal (combined effect on liquidating account) (n.4)	0.0	-176.7	0.0	176.7	0.0
SUBTOTAL (Guaranty and Indemnity program)	208.5	-211.2	208.5	419.7	0.0
LOAN GUARANTY PROGRAM	1,041.8	1,041.8	1,041.8	0.0	0.0
Proposed Legislation:					
Administration					
Add resale loss to net value calculation					
Exempt GNMA from no-bids					
Elim. expiration date for 0.625% increase in loan fees					
Require 2.5% fee and 10% downpayment for use of restored entitlement					
Subtotal (combined effect on program account) (n.3)	0.0	-8.0	0.0	8.0	0.0
Subtotal (combined effect on liquidating account) (n.4)	0.0	-820.1	0.0	820.1	0.0
SUBTOTAL (Loan Guaranty program)	1,041.8	213.7	1,041.8	828.1	0.0
DIRECT LOAN PROGRAM	-10.9	-10.9	-10.9	0.0	0.0
TOTAL (Subfunction 704)	$1,239.4	-$8.4	$1,239.4	$1,247.8	$0.0

	OUTLAYS ($ in millions)				
	FY 92 CBO Baseline	FY 92 President (re-estimated)	FY 92 SVAC Proposed	SVAC-President	SVAC-Baseline
Subfunction 705 - Other Veterans Benefits & Services					
GENERAL OPERATING EXPENSES	$854.3	$853.8 17,321 FTE	$853.8 17,321 FTE	$0.0	-$0.5
SVAC funding proposals in addition to Admin. request					
Veterans Benefits Administration --					
Veterans' services (Transition Assistance Program, phone access, resident offices in metro areas)	0.0	0.0	4.8 152 FTE	4.8	4.8
Vocational rehabilitation & counseling (D-TAP; improve timeliness)	0.0	0.0	8.7 273 FTE	8.7	8.7
Compensation, pension & education claims (improve timeliness)	0.0	0.0	1.8 59 FTE	1.8	1.8
Compliance with PL 101-237 notice requirements	0.0	0.0	6.4 145 FTE	6.4	6.4
Loan servicing & property management	0.0	0.0	3.6 114 FTE	3.6	3.6
General Counsel (restore proposed cut)	0.0	0.0	1.4 30 FTE	1.4	1.4
Board of Veterans Appeals --					
Maintain 150-day response time	0.0	0.0	1.1 22 FTE	1.1	1.1
National Cemetery System --					
Replacement equipment (reduce $864m backlog)	0.0	0.0	7.9	7.9	7.9
Additional staffing	0.0	0.0	4.6 180 FTE	4.6	4.6
Deferred maintenance and repair projects	0.0	0.0	1.8	1.8	1.8
Supplies and materials (including water)	0.0	0.0	1.3	1.3	1.3

	OUTLAYS ($ in millions)				
	FY 92 CBO Baseline	FY 92 President (re-estimated)	FY 92 SVAC Proposed	SVAC-President	SVAC-Baseline
Activation of San Joaquin Valley National Cemetery	0.0	0.0	1.8 18 FTE	1.8	1.8
Subtotal (SVAC funding proposals)	0.0	0.0	45.2 993 FTE	45.2	45.2
SUBTOTAL (GOE)	854.3	853.8 17,268 FTE	899.1 17,715 FTE	45.2 447 FTE	44.7
OTHER (Within the Committee's jurisdiction)	75.5	79.1 4,552 FTE	79.1 4,552 FTE	0.0	3.6
OTHER (Not within Committee's jurisdiction)	80.3	78.0	80.3	2.3	0.0
U.S. COURT OF VETERANS APPEALS	8.0	8.9	8.9	0.0	0.9
TOTAL (Subfunction 705)	$1,018.1	$1,019.8	$1,067.4	$47.5	$49.3
TOTAL BUDGET AUTHORITY (Function 700)	$34,065.2	$32,561.2	$34,703.3	$2,142.1	$638.1

NOTES:

1. No effect in FY 1992.
2. No significant effect.
3. Proposals interact. Costs/savings reflect combined effect of all Administration legislative proposals.
4. Effect of credit-reform accounting. VA home-loan guaranties are not subject to limitation under credit reform. Liquidating accounts are intended to reflect present value of all future effects on loans guaranteed prior to FY 1992.

	OUTLAYS ($ in millions)				
	FY 92 CBO Baseline	FY 92 President (re-estimated)	FY 92 SVAC Proposed	SVAC-President	SVAC-Baseline
Subfunction 504 - Training and Employment					
DEPARTMENT OF LABOR					
VETERANS EMPLOYMENT & TRAINING SERVICE	$151.6	$132.6	$132.6	$0.0	-$19.0
SVAC funding proposals in addition to Admin. request					
Compliance with statutory funding requirements					
Disabled veterans' outreach program	0.0	0.0	46.0	46.0	46.0
Local veterans' employment representatives	0.0	0.0	4.5	4.5	4.5
National Veterans' Training Institute	0.0	0.0	2.6	2.6	2.6
Transition assistance program	0.0	0.0	6.5	6.5	6.5
TOTAL INCREASE (Veterans Employment & Training Service)	$151.6	$132.6	$192.2	$59.6	$40.6

United States Senate
COMMITTEE ON VETERANS' AFFAIRS
WASHINGTON, DC 20510

March 12, 1991

The Honorable Jim Sasser
Chairman
The Honorable Pete V. Domenici
Ranking Minority Member
Committee on the Budget
United States Senate
Washington, DC 20510

Dear Jim and Pete:

We take this opportunity to pass on to you, under section 301(d) of the Congressional Budget Act of 1974, our fiscal year 1992 budget views and estimates for the veterans'-related programs within the jurisdiction of the Committee on Veterans' Affairs.

A majority of the Committee members has recommended an additional increase for VA programs of over $2.4 billion. While we would like to make additional funding for veterans programs to the extent possible given existing budget constraints, many of these proposed increases are for legislation that to this date has not been enacted into law. Without further consideration by the Committee of the merits of these provisions, we believe it is premature to commit to such specific use of these additional funds.

Last year, the Committee adopted a number of provisions designed to achieve the savings which were required under the budget agreement. In spite of the position taken by this Committee, the final conference agreement with the House contained "sunsets," or expiration dates, for many of those provisions. The President's budget proposes to eliminate those sunsets. We would note that the long-term savings to be achieved by lifting the sunsets were endorsed by this Committee last year.

We believe that the Department of Veterans Affairs should continue to deliver essential services to the millions of veterans across the nation. The veterans rightly expect that the Department of Veterans Affairs, the Congress, and the President stand ready to provide them with the services they deserve. However, the services must be provided with a realistic recognition of the confines of the very limited federal budget and within the spirit and intention of the budget agreement reached last year.

We thank you for keeping our views in mind as you develop the budget plan for fiscal year 1992.

Sincerely,

Strom Thurmond

Jim Jeffords

DANIEL K. INOUYE, HAWAII, CHAIRMAN
JOHN McCAIN, ARIZONA, VICE CHAIRMAN

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PATRICIA M. ZELL,
STAFF DIRECTOR/CHIEF COUNSEL
DANIEL H. LEWIS, MINORITY STAFF DIRECTOR

United States Senate
SELECT COMMITTEE ON INDIAN AFFAIRS
WASHINGTON, DC 20510-6450

March 11, 1991

The Honorable Jim Sasser
Chairman
The Honorable Pete V. Domenici
Ranking Minority Member
Committee on the Budget
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman and Senator Domenici:

Enclosed please find the report of the Select Committee on Indian Affairs on the President's Budget Request for fiscal year 1992 for Indian programs under the jurisdiction of the Select Committee.

During the past several years, the Senate Select Committee on Indian Affairs has been analyzing Federal spending trends and the relative status of programs for Native Americans as compared with programs that are designed to benefit the general population. Without question, the results show that Indians, the population group which suffers the worst health, education, and the most extreme poverty, are the people who, over the past decade, have also suffered the deepest cuts in Federal spending for programs designed for their benefit. This fact is undoubtedly due in large measure to the lack of political power of the disparate 310 tribes and 197 Alaska Native villages. But these same powerless First Americans are the very people to whom this government owes its first responsibility -- a trust responsibility -- based upon treaties, statutes and judicial rulings.

Last year, the Select Committee submitted for the review of the Budget Committee, a study completed for the Committee by the Congressional Research Service which showed that in constant dollars, overall spending for Indian programs lagged far behind the expenditures for other Federal programs. At the same time that Indian spending decreased, the Indian service population has nearly doubled.

Enclosed you will find a copy of the updated CRS study detailing Indian-related spending trends over the period FY 1975-1992. The new data shows that Indian-related spending continues to decrease in almost all areas. Moreover, a comparison in constant dollars indicates that funding in all Indian-related spending areas has continued to lag behind spending in equivalent Federal spending areas.

The Select Committee is most pleased with the response last year of the Budget Committee and the Committee on Appropriations to the funding needs in Indian country. Congress appropriated more than $800 million above the President's proposed budget in fiscal year 1991. This represented an almost unprecedented success for Native American people and has led to a dynamic boost of energy in Indian country. Unfortunately, the President's request for Indian spending for fiscal year 1992 proposes to eliminate virtually all of the increases that were realized in the past fiscal year. The Select Committee on Indian Affairs is well aware that the losses suffered by Indians and Alaska Natives over the last decade cannot be rectified in one budget year and is very concerned that the gains made last year may be lost. Therefore, the recommendations of the Select Committee for the fiscal year 1992 budget for Indian and Alaska Native programs reflect the Committee's commitment to continue the process of achieving parity between spending for Native Americans and spending for all other U.S. citizens.

For fiscal year 1992, the Committee recommends that all programs be funded at their authorized level. For programs where specific dollar amounts are not authorized, including all programs funded under the authority of the Snyder Act (25 U.S.C. 13), the Committee is recommending a four percent increase over 1992 base levels, unless the Committee disagrees with adjustments to the base, in which case the increases shown will be from the 1991 enacted amount with an explanation in the narrative. Last year, the Committee recommended a 14 percent increase across the board for such programs except for the costs of general administration. This 14 percent increase represented a 10 percent increase for parity and a 4 percent increase for inflation and the Committee recommended that the 10 percent increase be carried forward for three of the four out-years for which projected spending was recommended, along with yearly four percent inflation increases. Because of constraints placed on the budget as a result of the enactment of the Budget Act last year, the Select Committee is recommending only the 4 percent inflation increase for fiscal year 1992. Funding is also being recommended for newly authorized programs. Where needed, narrative information documents the recommended increases. The Committee is continuing to review Federal spending trends to see whether the gap is narrowing and, if not, what adjustments will be needed in future years to bring Federal spending for Indian programs into line with comparable Federal spending for other U.S. programs.

The Select Committee is recommending fiscal year 1992 funding levels for the Bureau of Indian Affairs (Department of the Interior), the Indian Health Service and the Administration for Native Americans (Department of Health and Human Services), the Office of Indian Education (Department of Education), the Office of Indian Housing Programs (Department of Housing and Urban Development) and the Indian JTPA program (Department of Labor). Representatives of each of these agencies appeared before the Committee on February 21, 1991, to discuss the President's 1992 budget for Indian programs within their respective jurisdictions.

Included among the budgets reviewed by the Select Committee are budgets of programs that the President has proposed be part of a sweeping transfer of $15 billion in block grants to the state governments. Although this Committee has not closely examined that proposal, our view is that the Congress must not only weigh the views of cities and states in considering it, but Congress must also assure that whatever steps are taken to approve or revise the proposal must assure that Indian tribes do not become dependent upon other governments for grants to which they are directly entitled under Federal law.

We wish to thank you for the opportunity for the Select Committee on Indian Affairs to provide its review and recommendations on the President's Budget for Indian programs for fiscal year 1992 to the Committee on the Budget and look forward to working with you in the coming year.

Sincerely,

John McCain
JOHN McCAIN
Vice-Chairman

DANIEL K. INOUYE
Chairman

INTRODUCTION

The Federal budget, as it relates to Indian programs, must be considered in the context of the unique relationship that the United States maintains with the Indian tribes and the Alaska native communities.

Federal policy has long recognized that Indian tribes within the boundaries of the United States are "domestic, dependent nations." As such, the Supreme Court has held that the tribes have surrendered only those powers of sovereignty which are inconsistent with their dependent status. All other governmental powers still remain. As a result, Indian tribes are not political subdivisions of the states nor are they local governments within the meaning of most State and Federal statutes. Rather, the tribes and the United States exercise a direct government-to-government relationship with one another.

In 1934, in furtherance of this policy, Congress enacted the Indian Reorganization Act (Act of June 18, 1934; 25 U.S.C. 461 et seq.) setting forth a new policy toward the Indian tribes and providing, among other things, for the political reorganization of the tribes in accordance with the terms of that act if the tribes so choose. In 1936, the provisions of this act, were extended to the Territory of Alaska (Act of May 1, 1936, 25 U.S.C. 473a) and a separate act with similar provisions pertaining to tribes in Oklahoma was enacted (Act June 26, 1935, 501 et seq.).

In contrast with this Federal relationship, the historical relationship of Indian tribes and the States has been one of separation. Tribes are not political subdivisions of States and thus often do not receive funding assistance from State governments. In addition, in the absence of specific legislative directives, Federal pass-through moneys allocated to states all too frequently are not passed through to tribal governments. In examining Federal budget allocations or reductions in Indian programs, it is thus necessary to consider that (1) tribes do not generally receive supplemental funding from state governments on the same basis as county and municipal governments; (2) that tribes for the most part do not have other sources for raising revenues that state or local governments enjoy; and, (3) that there is a direct government-to-government relationship between the United States and Indian tribal governments. Thus, when Federal monies for Indian programs are reduced or eliminated there is no replacement source to which the tribes can look.

A critical aspect of the government-to-government relationship of the United States with Indian tribal governments is the trust relationship and the obligations this legal relationship imposes on the United States not only with respect to the protection of trust resources but in assuring delivery of services to the Indian people at least commensurate with that delivered to non-Indian citizens. At the reservation level, this obligation is obvious. While it is less obvious, it is just as real for off-reservation programs. During the decade of the 1970's Congress specifically recognized the needs of Indians living in urban and rural off-reservations areas. Thus, an Indian component was included in the

Comprehensive Employment and Training Act (CETA) enacted in 1973; and is now carried forward as the Job Training Partnership Act; education benefits were extended to off-reservation Indians through the Indian Education Act of 1972; health programs consisting principally of outreach and referral but also of some direct care services were extended to off-reservation Indians through enactment of the Indian Health Care Improvement Act of 1976; and authorization of funding for Indian child welfare programs was provided with enactment of the Indian Child Welfare Act of 1978. Beginning in the 1960's, the Administration for Native American Programs within HHS has provided services to Alaskan Natives, Hawaiians, and American Indians both on and off reservations. Each of these programs was enacted after extensive hearings and on the basis of ascertained need of the service population which was not being met by state or local governments.

This budget report includes the committee's recommendations for spending in fiscal year 1992 for all major programs for Indians. In addition, the committee has included tables showing out year projections based on its recommended funding levels for fiscal year 1992.

SENATE SELECT COMMITTEE ON INDIAN AFFAIRS

SUMMARY OF RECOMMENDATIONS

(In Thousands)

APPROPRIATION ACCOUNT/ACTIVITY	FY 1991 Enacted	FY 1992 Requested	SSCIA Recommended	+/- From Request	+/- From 1991
DEPARTMENT OF THE INTERIOR:					
Bureau of Indian Affairs (all Progs.)	1,558,541	1,399,883	1,715,765	315,882	157,224
National Park Service	750	950	5,000	4,050	4,250
National Indian Gaming Commission	1,247	2,490	2,490	0	1,243
National Museum of the American Indian	15,924	16,362	16,362	0	438
Subtotal, DOI	1,576,462	1,419,685	1,739,617	319,932	163,155
DEPARTMENT OF HEALTH AND HUMAN SERVICES:					
Indian Health Services	1,581,069	1,566,111	1,851,093	284,982	270,024
Administration for Native Americans	33,376	33,376	44,726	11,350	11,350
Subtotal, DHHS	1,614,445	1,599,487	1,895,819	296,332	281,374
DEPARTMENT OF EDUCATION:					
Office of Indian Education	75,400	77,400	77,620	220	2,220
Impact Aid - Operations	585,540	578,540	668,000	89,460	82,460
Impact Aid - Construction	26,349	15,000	28,000	13,000	1,651
Education for Native Hawaiians	6,400	0	6,676	6,676	276
Subtotal, DOEd	693,689	670,940	780,296	109,356	86,607
DEPARTMENT OF HOUSING AND URBAN DEV.:					
Indian Housing	233,000	0	242,000	242,000	9,000
Home (Indian Portion)	0	125,000	10,000	(115,000)	10,000
National Commission on American Indian & Alaska Native & Hawaiian Housing	500	0	500	500	0
Indian Community Develop. Block Grant	32,000	29,000	33,200	4,200	1,200
Subtotal, HUD	265,500	154,000	285,700	131,700	20,200
DEPARTMENT OF LABOR:					
Joint Training and Partnership Act	59,600	70,100	70,100	0	10,500
Indian Summer Youth	12,400	0	13,000	13,000	600
Subtotal, DOL	72,000	70,100	83,100	13,000	11,100
GRAND TOTAL	4,222,096	3,904,212	4,784,612	880,400	562,516

DEPARTMENT OF THE INTERIOR

BUREAU OF INDIAN AFFAIRS

The BIA has a central office in Washington, D.C. However, the majority of headquarters responsibilities are administered in Albuquerque, New Mexico, with "smaller staff contingents" in other states. In addition, there are 12 area offices, 83 agency offices, 3 sub-agency offices, 6 field stations, 3 irrigation project offices, 2 post-secondary schools, 111 day schools, 57 boarding schools, and 14 dormitories. Of the total schools, 78 are operated by tribes either under P.L. 93-638 contracts or under the tribally-controlled schools grant program.

The BIA serves 949,000 Indians, Eskimos, and Aleuts in 31 states; there are 310 Indian tribes in the "lower 48" and 197 Alaska Native organizations. The BIA administers 42,385,031 acres of tribal lands; 10,226,180 acres of individual Indian lands, and 442,755 acres of Federally-owned land.

The request for direct spending BIA for all programs for fiscal year 1992 is $1,399,883 billion, or $158,658,000 below the fiscal year 1991 appropriated level of $1,558,541 billion. The decrease from 1991 is offset by a large one-time appropriation in the 1991 Interior spending bill of $208.9 million to forward fund BIA elementary and secondary education programs. When the $208.9 million is deducted from the 1991 appropriation, then the 1992 budget reflects an actual increase of $50.2 million. Of this amount, however, $31.4 million represents an increase in funding for water and land claim settlements that have been enacted into law. The settlement of such claims represent legal obligations of the United States arising from treaties and statutory responsibilities which were breached in some manner. The effect of diverting funds from other Indian programs to fund these settlements is to have other Indian tribes, not the United States, pay for actions or inactions that are the responsibility of the Federal government.

Accordingly, when the $31.4 million for claims settlements is withdrawn from the apparent increase in Bureau funding, the actual increase in spending is about $18.8 million. To keep pace with inflation, using a 4 percent factor, the increase should be $51.7 million for the Operation of Indian programs, Education, Education Construction, and Construction.

A superficial review of the proposed budget for fiscal year 1992 for the Bureau of Indian Affairs seems to provide for some growth in spending for Indian programs. However, there are serious problems with the format of the proposed budget in that education funding is separated from the funding for other Bureau programs. Additionally, funding increases proposed for some significant program areas are made at the expense of reductions in other equally important areas. The premise of the Senate Select Committee on Indian Affairs recommended funding levels for Indian programs is generally the authorized level or last year's spending level with a 4 percent increase for inflation. In addition, the Committee is recommending funding for new programs authorized by statutes enacted in the 101st Congress. Where there are deviations from these premises, it will be reflected in the narrative section of this report.

As presented, the President's budget for fiscal year 1992 for the Bureau of Indian Affairs poses two major concerns. The first concern is the separation of funding for BIA education from the Operation of Indian Programs (OIP) account to a separate account and separation of funding for Indian education construction from the overall Construction account to a new Education Construction account. The second concern is the treatment of add-ons to the budget bases of tribal-specific programs in the appropriation for fiscal year 1991.

Separation of Education Funding: The proposed separation of funding for education programs operated by the Bureau is seen by Indian tribal leaders as the first clear step of a planned reorganization of the Bureau into two separate Bureaus within Interior: a Bureau of Indian Affairs and a Bureau of Indian Education. The opposition of tribal government leaders to this proposed separation, as well as the opposition of many Indian educators, led to enactment of language in last year's appropriation that prohibits the separation until the recommendations of a joint BIA/Tribal Task Force are made to the Congress. Opponents disagree with the reorganization in part because of fear that it would represent but a first step in a process of dismantling the Bureau of Indian Affairs and lead to a decline in the trust responsibility of the United States to Indian tribes, and in part because they see it as an attempt to inflate the bureaucracy of the BIA at a time when funds are so badly needed at the local tribal level. While the Senate Select Committee on Indian Affairs has no official position with respect to reorganization, pending the outcome of the work of the Task Force, the issue is clearly a major concern of Indian people and one that must be addressed. Therefore, the Committee recommends that funding for Indian education programs be included within the OIP for fiscal year 1992, unless prior to final passage of the 1992 Interior Appropriations bill, the Task Force has recommended a bifurcation of the Bureau. For ease of comparison with the President's budget, however, the funding charts in this report will show the separate accounts.

Add-ons to Tribal Bases: In most cases, the BIA has ignored Congressional directives to include the 1991 add-ons to the base budgets for specific tribes for fiscal year 1992 and thereafter. Instead, the Bureau has lumped most add-ons into a single amount of $25 million and proposes to spread that among all tribes nationwide. While the Committee strongly agrees that increased funding across the board for the tribe/agency accounts is badly needed, it rejects the proposition that it should be done at the expense of those tribes that Congress has already determined to be in need of increased base funding for certain programs. The Committee therefore recommends that all tribal specific add-ons for fiscal year 1991 (except those clearly intended to be single year funds) be included in the base for the named tribe and that additional funds be added to tribe/agency accounts for across-the-board increases.

OPERATION OF INDIAN PROGRAMS

The single largest part of the BIA budget goes to Operation of Indian Programs (OIP) for which $750,657,000 is requested for fiscal year 1992. This is an increase of $28 million from the base for fiscal year 1992. The largest program within OIP is Tribal Services, which includes Tribal Government Services, Social Services, Law Enforcement, Self-Determination Services, and Employment Development. A total of $383.4 million for all programs within Tribal Services is requested. The next largest budget item in OIP is Natural Resources (including Forestry and Agriculture, and Minerals and Mining) for which $121.6 million is requested. The third largest item is General Administration (management, ADP, employee compensation, training) for which $118.2 million is requested. Facilities management, another administrative function, will require $30 million. The remaining OIP budget is allocated to Navajo-Hopi settlement ($1.1 million), Economic Development ($22.9 million), and Trust Responsibilities such as rights protection, real estate and financial trust management ($73.3 million).

Tribe/Agency operations for all of the activities in OIP (except Navajo-Hopi settlement and Facilities Management for which there is no tribe/agency item) account for a total of $304.8 million or nearly 41 percent of the OIP request.

Tribal Services: The Committee is recommending $445 million for this account, an increase of $61.6 million above the Administration's request.

The recommended increase for the **Tribal Government Services** program is $960,000, and includes $300,000 for the Native Alaska Commission which is discussed below and the restoration of $660,000 for the Judicial Services Center in the Tribal Courts activity. The Committee recommends $300,000 in Fiscal Year 1992 for the Joint Federal State Commission on Policies and Programs Affecting Alaska Natives, a special commission established in the 101st Congress to review the social and economic circumstances of Alaska Natives, to analyze State and Federal policies and programs, and to propose recommendations for both levels of government. Even though the Administration supported the establishment of the Commission, it has not proposed funding for the second year of its activities. The current year's appropriation is being matched by the State of Alaska, and the State is committed to equal sharing of costs during the two-year life of the Commission. Establishment of the Commission became a priority for the Select Committee following field hearings held in Alaska in 1988. The Commission could become a model for joint Federal-State analyses of Indian issues in other states.

For the **Social Services program**, the welfare assistance grants should be restored to the 1991 base plus 4 percent or $96.462 million; another $10 million is recommended to cover general assistance needs in Alaska. In addition, the Committee believes that at least $1.6 million will be needed to complete the retroactive payments required by Federal courts, making a total Committee recommendation of $107.5 million for welfare grants. The Committee is pleased with the proposed increase in Indian Child Welfare Act funding but cautions that tribes be fully consulted on any distribution formula if the additional funds are to be distributed by formula instead of competitive grants. In addition, the Committee recommends $3 million to fund the newly enacted Indian Child Resource and Family Service Centers Act, and $30 million to fund the newly enacted Indian Child Protection and Family Violence Prevention Program. These are the authorized spending levels for these two extremely important initiatives that were the outgrowth of reports of the Senate Select Committee on Indian Affairs Special Investigations Committee and of numerous hearings on the issue of child and family violence and abuse.

The Committee is also pleased with the increases in **Law Enforcement** which the Committee has recommended in past budgets.

In the **Self-Determination Services** item, the Committee recommends funding at the base plus 4 percent for fiscal year 1992. The $9 million proposed to be added to this grant program should be put in the Tribal Services Tribe/Agency account where it will work to increase the base of all tribes.

In **Employment Development**, the $451,000 for United Tribes Technical Colleges should be restored, and then 4 percent should be added to the base.

For **Tribe/Agency** programs in the Tribal Services account, the Committee recommends that the $9 million proposed for self-determination grants be used to restore all add-ons to the base budgets of specific tribes made last year for Community Fire Protection, Social Services and Tribal Courts. This amount will restore court funding for 14 tribes and the Northwest Intertribal Court system. The Committee strongly recommends that a significant amount of the $9 million go to increased funding for the tribal court activity in the Tribe/Agency account.

Navajo Hopi Settlement Program: The Administration's budget states that the rangeland restoration will be completed in fiscal year 1992 and proposes therefore to delete $293,000 from the base for this program. There is no other explanation for the basis of the cut and the Committee therefore recommends that the program be funded at the base funding level of $1.4 million.

Economic Development Programs: It is not clear to the Committee how the proposed grants known as Community and Economic Development Grants are intended to benefit Indian communities. They will be distributed on a formula basis but would appear to duplicate monies available from many other sources. It is likely that this additional funding could be better utilized in the Tribal Services tribe/agency account but the Committee accepts the proposed spending level and will withhold judgment on the proposal until more input is received from tribal leaders. Therefore, no increases or decreases are recommended for this account.

Natural Resources Development: Perhaps the most significant of the increases recommended by the Committee is the additional $19.8 million for Natural Resources where the Administration has proposed a cut of $18 million from the base and $13 million from the 1991 spending levels. In addition to restoring all base amounts where needed, the additional funding recommended by the Committee will allow increases in water development, management, and planning activities, rights protection implementation activities, funding for the Council of Energy Resource Tribes, and continuation of the woodlands management program. The Committee's recommended increase will fund the newly enacted National Indian Forest Resources Management Act which provides for the protection, conservation, utilization, management and enhancement of Indian forest lands. The Committee recommends $4.558 million for the Agriculture program in Forestry and Agriculture. This amount includes $300,000 to fund the Intertribal Agriculture Council. This relatively new organization has accomplished a great deal over the past few years, particularly in the 101st Congress with Indian provisions in the farm legislation. Other excellent organizations that will be restored to funding are the Northwest Indian Fisheries Commission, the Great Lakes Indian Fish and Wildlife Commission, and the Columbia River Intertribal Fish Commission.

Trust Responsibilities: The additional funding of nearly $7 million that the Committee recommends for this account is needed for Environmental Quality Services, including cleanup of hazardous waste sites in Indian country, and for Indian Rights Protection activities, especially water rights negotiation and litigation, which the Administration proposes to reduce by $3 million. The account has been inadequately funded for years and the Committee cannot emphasize too strongly its commitment to the process of settling the water rights claims of Indian tribes. For well over one hundred years, non-Indians have been diverting water from Indian lands while the United States government has taken little to no action to protect Indian water rights. The time to resolve these issues is now before the situation worsens to the point where the eventual costs to the government for damages and loss suffered by Indian people will be truly astronomical. There are over 60 pending stream adjudications in which Indian water rights are being determined. The Committee welcomes the commitment on the part of the Bureau to improve its land records and real estate services as evidenced by a proposed increase of $1.7 million from the 1992 base.

INDIAN EDUCATION PROGRAMS

School Operations: For the Indian Education Programs account, the Bureau has requested a total of $418,616,000. The largest program in the account is the School Operations activity which includes the Indian School Equalization Program, Facilities O&M, Substance and Alcohol Abuse Counselors and a new Education 2000 Grants program. The Committee notes that the request for School Operations is slightly more than 4 percent above the 1992 base. However, these funds represent forward funding and will not become available until July 1, 1993. Therefore, the Committee is recommending a further increase of $13.179 million for this activity to insure that adequate funds to adjust for inflation are on hand when the funds are actually available for expenditure. There is concern that funds for the third year teacher pay raise may not be adequate in fiscal year 1992. If this is so, the Bureau should make a supplemental request for the necessary funds.

Johnson-O'Malley: The Committee recommends an appropriation of $26,076,000 for the Johnson-O'Malley program for Fiscal Year 1992, an increase of four percent over the current year, but an increase of $6,550,000 over the Administration's request. Johnson-O'Malley funds go to public schools in 32 states for the operation of Indian programs, guided by Indian Parent Committees. If no change is made to the Administration's request, grants to states would be reduced from the current year, and in those states with large Indian student populations, reductions as great as $700,000 would be effected.

Continuing Education: The Committee is recommending a funding level of $57,498,000, an increase of $24.841 million over the President's Budget request. Funds should be restored to 1991 levels for the **Postsecondary Schools**, Haskell and SIPI, and the Haskell summer school program should be restored. An additional $500,000 is recommended for Haskell to reach the school's long-range goals, including strengthening the associate degree programs for college transferability, up-dating of instructional technology and equipment, and moving toward offering baccalaureate degrees in elementary education.

The proposed cuts in **Special Higher Education Scholarships** are restored with a 4 percent increase for inflation.

The recommended amount includes the full authorization of $5,820 per weighted student unit (WSU) for **Tribally Controlled Community Colleges** that receive funding under Title I of the Community Colleges Act. A 5,201 student enrollment is estimated for fiscal year 1992. For Title II, the Navajo Community College, the Committee recommends a funding level of $8 million. In addition, the full authorized endowment level of $5 million is requested for the colleges.

Program Management: The Committee notes the proposed increase in central office staffing for education and it is the Committee's view that the justification does not make the case for a 60 percent increase in top level management. Prior to enactment of the 1992 appropriations, a more detailed justification should be provided to the Congress.

Forward Funding: In fiscal year 1991, Congress provided $208.9 million to forward fund the Indian School Equalization Program. The Committee recommends that the remainder of BIA education programs, including Johnson-O'Malley, Tribally Controlled Community Colleges, and Haskell and SIPI, be forward funded in the appropriation for fiscal year 1992. The Committee is recommending $86.4 million for this purpose, but the actual amount needed may be less.

CONSTRUCTION

For the Construction account, the Bureau has requested a total of $79,879,000 and for Education Construction, $50,998,000. These two accounts total $130,877,000, a decrease of $36,776,000 from the 1991 appropriation level of $167,653,000. These accounts provide money for the construction, major repair, and improvement of irrigation and power systems, buildings, utilities, and other facilities, including architectural and engineering services provided to the Bureau by contract, acquisition of lands, preparation of land for farming, maintenance of Indian reservation roads, and construction, repair, and improvement of Indian housing. The fiscal year 1992 budget proposes to transfer $9 million for Safety of Dams program in the Irrigation Systems Construction account to the Bureau Reclamation. In addition, funding for irrigation construction is requested at $5.1 million, while $30.4 million was appropriated last year. The request for the Housing Improvement and Repair program is nearly $4 million below the fiscal year 1991 appropriated level. There is a $5.1 million increase requested from fiscal year 1992 for Road maintenance and a $2.5 million decrease for fish hatchery rehabilitation.

For the Education Construction account, the Committee recommends $75.3 million, $24.3 million over the request. These figures represent a total increase in construction monies from the 1991 enacted levels of $57.8 million. The Committee's recommended increase for Education Construction includes $30 million for construction of the top five schools on the BIA new school construction priority list. Another $3 million is requested for the construction of a dormitory at Haskell.

For the Construction account, the Committee recommends $150.2 million, which is $71.3 million above the President's request. The Committee's recommended increase in the Construction account includes restoration for funds for the Safety of Dams and Housing Improvements programs, as discussed below, for irrigation, for fish hatcheries, and $5 million for land acquisition for which no funds were requested.

Safety of Dams: As in the last two budget requests, the Bureau of Indian Affairs has again proposed to transfer its Safety of Dams (SOD) program to the Bureau of Reclamation. The Select Committee on Indian Affairs recommended against the transfer in both fiscal year 1990 and fiscal year 1991. The Appropriations Committee rejected the proposed transfer in both years. Since this issue is of major concern to tribes and since the budget provides no new information as to why this change is again being proposed, the Select Committee strongly recommends against the transfer. Tribal governments view the transfer as the possible beginning of a dismantlement of the Bureau of Indian Affairs, the agency with primary responsibility for enforcing the trust responsibility of the Untied States to Indian nations. On the contrary, the Bureau of Reclamation is often in conflict with tribes over water allocations and has no experience with P.L. 93-638 contracting with tribes. In fact, tribes now contract SOD from the BIA and often subcontract the work to the BOR. This system seems to work well. If the program were transferred, tribes could not subcontract back to BOR.

Housing Improvement Program. The Committee recommends an appropriation of $20,955,000 for the Housing Improvement Program in Fiscal Year 1992, an increase of $4,761,000 over the budget request of the Administration, but an increase of only $805,880 over the current year. In its budget, the Administration defended its reduced request by asserting that the responsibility for new home construction for Indians rested with the Department of Housing and Urban Development (HUD), even though that department's budget proposes to eliminate the existing program for new housing and to replace it with a program yet to be detailed for Indians (at a level little more than half of the current program).

Further, this Committee recommends that the Administration's proposal to eliminate new construction from the Housing Improvement Program be rejected. If the Congress restores the HUD Mutual Help Indian Housing Program, as recommended by this Committee elsewhere in this report, the BIA's program is still clearly required. It represents a small but important effort to meet housing needs that cannot be met by the HUD program. It can make funds available for repair, improvement, and new construction to families ineligible for HUD programs -- typically elderly Indians and the poorest of Indian families.

MISCELLANEOUS PAYMENTS TO INDIANS

The Bureau's Miscellaneous Payments to Indians account includes funds to implement negotiated settlements that have been enacted into public law. As stated above, these settlements represent claims against the United States for legal obligations arising out of treaties and statutes, and the effect of funding the settlements out of Indian programs, is to have other Indian tribes pay for responsibilities that are exclusively those of the Federal government. Interior Secretary Lujan's proposed budget for fiscal year 1992 would have funded claims settlements by spreading the costs across all bureaus and divisions of the Department. The Committee supports this approach in fiscal year 1992, but as outlined in the Committee's report to the Budget Committee last year, the Committee is of the view that a separate fund should be established for the funding of Indian claims settlements.

Last year, the appropriation for Indian settlements was $56,135,000 and the amount requested for fiscal year 1992 is $87,617,000, the full amounts authorized by enacted settlements, including Colorado Ute ($15 million - third and final installment); Fallon Paiute Shoshone ($3 million - first of 6 installments); Pyramid Lake Paiute ($25 million); Fort McDowell ($23 million); Fort Hall ($12 million) and Zuni ($8 million - balance of $17 million will be requested in fiscal year 1993).

SUMMARY - ALL BIA DIRECT FEDERAL FUNDING

The following summary table shows the 1991 enacted level, the 1992 level requested by the Administration, the difference between the two years, the Select Committee's recommended funding level, and the difference between the recommended funding level and the Administration's request which is a total of $315.9 million). It should be noted that the recommended increase for BIA is $163,155,000 above the 1991 enacted level. Of this amount, $86.4 million is for forward funding for the remainder of the BIA education programs and is a one-time appropriation.

BUREAU OF INDIAN AFFAIRS

OPERATION OF INDIAN PROGRAMS (OIP)
(In thousands of dollars)

APPROPRIATION ACCOUNT/ACTIVITY	FY 1991 Enacted	FY 1992 Requested	+/- From FY 91	Senate Select Recommended	+/- From Admin.
EDUCATION:					
School Operations	243,620	0	(243,620)	0	0
Johnson-O'Malley	24,931	0	(24,931)	0	0
Continuing Education	34,977	0	(34,977)	0	0
Tribe/Agency Operations	32,117	0	(32,117)	0	0
Forward Funding	208,900	0	(208,900)	0	0
Subtotal, Education	544,545	0	(544,545)	0	0
TRIBAL SERVICES:					
Tribal Government Services	10,602	10,481	(121)	11,441	960
Social Services	110,490	103,085	(7,405)	162,603	59,518
Law Enforcement	5,405	7,074	1,669	7,074	0
Self-Determination Services	58,061	71,449	13,388	62,625	(8,824)
Employment Development	2,588	2,234	(354)	3,204	970
Tribe/Agency Operations	151,785	189,112	37,327	198,112	9,000
Subtotal, Tribal Services	338,931	383,435	44,504	445,059	61,624
NAVAJO/HOPI SETTLEMENT PROGRAM	1,379	1,139	(240)	1,432	293
ECONOMIC DEVELOPMENT:					
Business Enterprise Development	10,853	18,976	8,123	18,976	0
Tribe/Agency Operations	3,742	3,947	205	3,947	0
Subtotal, Economic Development	14,595	22,923	8,328	22,923	0
NATURAL RESOURCES DEVELOPMENT:					
Forestry & Agriculture	74,716	59,032	(15,684)	74,325	15,293
Minerals & Mining	5,276	4,566	(710)	5,496	930
Tribe/Agency Operations	59,702	57,983	(1,719)	61,590	3,607
Subtotal, Nat. Res. Dev.	139,694	121,581	(18,113)	141,411	19,830
TRUST RESPONSIBILITIES:					
Indian Rights Protection	23,431	17,269	(6,162)	24,203	6,934
Real Estate/Financial Trust	26,452	28,137	1,685	28,137	0
Tribe/Agency Operations	24,832	27,893	3,061	27,893	0
Subtotal, Trust Respons.	74,715	73,299	(1,416)	80,233	6,934

BUREAU OF INDIAN AFFAIRS

OPERATION OF INDIAN PROGRAMS (OIP)
(In thousands of dollars)

APPROPRIATION ACCOUNT/ACTIVITY	FY 1991 Enacted	FY 1992 Requested	+/- From FY 91	Senate Select Recommended	+/- From Admin.
FACILITIES MANAGEMENT	94,179	30,039	(64,140)	31,654	1,615
*$64 million transferred to Indian Education Programs					
GENERAL ADMINISTRATION:					
Management & Administration	47,774	58,300	10,526	58,300	0
ADP Services	20,351	18,844	(1,507)	18,844	0
Employee Compensation Pmts.	11,389	12,769	1,380	12,769	0
Program Management	7,900	881	(7,019)	881	0
Consolidated Training Pgms.	1,035	1,566	531	1,566	0
Tribe/Agency Operations	23,557	25,881	2,324	25,881	0
Subtotal, General Admin.	112,006	118,241	6,235	118,241	0
TOTAL, OIP	1,320,044	750,657	(569,387)	840,953	90,296

INDIAN EDUCATION PROGRAMS
(In thousands of dollars)

APPROPRIATION ACCOUNT/ACTIVITY	FY 1991 Enacted	FY 1992 Requested	+/- From FY 91	Senate Select Recommended	+/- From Admin.
School Operations	0	326,984	326,984	340,163	13,179
Johnson-O'Malley	0	19,526	19,526	26,076	6,550
Continuing Education	0	32,657	32,657	57,498	24,841
Program Management	0	5,710	5,710	5,710	0
Tribe/Agency Operations	0	33,739	33,739	33,739	0
Forward Funding	0	0	0	86,400	86,400
TOTAL, EDUCATION	0	418,616	418,616	549,586	130,970

*Includes $64 million transfer from Facilities Management - OIP

EDUCATION CONSTRUCTION
(In thousands of dollars)

APPROPRIATION ACCOUNT/ACTIVITY	FY 1991 Enacted	FY 1992 Requested	+/- From FY 91	Senate Select Recommended	+/- From Admin.
Construction Program Management	0	3,509	3,509	3,509	0
New School Construction	0	9,000	9,000	33,300	24,300
Advance Planning and Design	0	1,500	1,500	1,500	0
Facilities Improvement & Repair	0	34,989	34,989	34,989	0
Employee Housing	0	2,000	2,000	2,000	0
Total Education Construction	0	50,998	50,998	75,298	24,300

CONSTRUCTION
(In thousands of dollars)

APPROPRIATION ACCOUNT/ACTIVITY	FY 1991 Enacted	FY 1992 Requested	+/- From FY 91	Senate Select Recommended	+/- From Admin.
Irrigation	46,751	7,954	(38,797)	50,000	42,046
Buildings/Utilities	44,994	5,671	(39,323)	15,000	9,329
Fish Hatcheries	3,023	500	(2,253)	3,500	3,000
Land Acquisition	2,506	0	(2,506)	5,000	5,000
Employee Housing	995	0	(995)	0	0
Housing	23,750	21,256	(2,494)	26,017	4,761
Road Maintenance/Construction	38,671	43,820	5,149	50,000	6,180
Contract Support	6,963	0	(6,963)	0	0
Self-Gov. Compacts	0	678	678	678	0
Total Construction	167,653	79,879	(87,504)	150,195	70,316

MISCELLANEOUS PAYMENTS

MISC. PAYMENTS TO INDIANS	56,135	87,617	31,482	87,617	0

LOAN GUARANTY

DIRECT LOAN PROGRAM/Admins.	11,725	12,116	391	12,116	0
GRAND TOTAL	1,555,557	1,399,883	(155,404)	1,715,765	315,882

OTHER BIA ISSUES

Expert Witness Loan Fund: Additional funds are needed for the Expert Witness Loan Fund (25 U.S.C.S. 70n-1 through -7). The Committee recommends $1.5 million for this revolving funds so that Indian tribes may employ experts, other than legal counsel, as required for the prosecution of tribal claims initiated before the Indian Claims Commission and transferred in 1978 to the Court of Claims, now the Claims Court. The Committee understands that the fund ran out of cash in 1990 and the Administration has not requested additional funds. Loan cannot be made until other loans are repaid from proceeds of litigation. To deny funds in the end stages of cases that have been in litigation for up to 40 years would be most unfair. If tribes cannot finish their cases, there will be no recoveries and if there are no recoveries, the United States cannot collect the outstanding loans already made to the litigating tribes.

Federal Torts Claims Act Coverage: Both the Bureau of Indian Affairs and Indian Health Service recommended a one-year extension of the Federal Tort Claims Act coverage for tribal constructors. FTCA coverage is designed to provide tribal contractors with the same level of benefits that would accrue to a Federal agency administering the same program. Federal agencies and their employees are covered under the FTCA when carrying out their program operations. The Committee believes it would be irresponsible to repeal FTCA coverage in the absence of a viable alternative and until such an alternative is in place, the present system of coverage must be maintained.

Navajo Rehabilitation Trust Fund: There is no request for this revolving fund even though Congress has appropriated a total of $3 million for the last two years. These funds are available until expended and are used for infrastructure development on the New Lands and on Navajo Partitioned Lands. The Committee is recommending that the authorized amount of $6 million be appropriated to the Fund.

NATIONAL PARK SERVICE

Tribal Historic Preservation Grants: In fiscal year 1990, for the first time in 25 years, funding was provided to Indian tribes under the National Trust for Historic Preservation Act. In 1990, over 270 applications were received and only 15 were funded. The 1991 level of funding was slightly higher. The Select Committee has reviewed the recommendations included in the National Park Service report entitled "Keepers of the Treasures: Protecting Historical Properties and Cultural Traditions on Indian Lands" and strongly recommends a funding level of $5 million for fiscal year 1992 tribal grants.

NATIONAL INDIAN GAMING COMMISSION

The Committee recommends $2.49 million for the NIGC, the same amount as the Administration has requested.

NATIONAL MUSEUM OF THE AMERICAN INDIAN

The Committee supports the Administration's request of $13,962,000, an increase of $6,121,000 over 1991, for salaries and expenses associated with the National Museum of the American Indian, and $2,400,000 for the completion of construction of the Old United States Custom House, which will be the first completed site of the museum facilities that will ultimately comprise the National Museum of the American Indian.

DEPARTMENT OF LABOR

Job Training and Partnership Act. The Administration is requesting $70.1 million for the Indian Title IV program of the Job Training and Partnership Act (JTPA) for Fiscal Year 1992, and the Committee supports this request. The Committee, however, disagrees with the Administration's proposal to eliminate the Summer Youth Program, and recommends an appropriation of $13.0 million for that program, an increase over the current year that approximates inflationary cost increases of 4 percent.

About 31,000 Indian adults and more than 12,000 Indian youth are afforded a wide range of education, training, and support services annually by 182 grantees under JTPA. These grantees provide services to Indians in all 50 states.

The budget proposed by the Administration would require that statutory changes be made. If such changes are made, the Committee understands that their effect would be to severely reduce funding for tribal governments, Alaska Native organizations, and the one Hawaiian grantee, but produce some increases for off-reservation programs.

DEPARTMENT OF EDUCATION

Office of Indian Education. The Committee recommends an appropriation of $79.1 million for the Office of Indian Education for Fiscal Year 1992, an increase of $1.7 million over the Administration's request. This recommended increase represents a 4 percent increase over the current year and continuation funding for a demonstration project deleted by the Administration from its budget.

Adoption of this recommendation would provide $500,000 to continue for a second year, the Indian gifted and talented demonstration project authorized under P. L. 100-297 as a three-year program. It would also provide an additional $60,000 for the expansion of programs educating teacher aides to become teachers and an additional $60,000 for the expansion of adult education programs, both of which have been consistently under-funded in the judgment of the Committee.

Impact Aid operating funds. The Committee recommends a Fiscal Year 1992 appropriation of $668 million (the authorized level) for Section 3(a) grants to public schools impacted by students residing on Federal Indian Trust Lands and by students whose parents live and work on military installations. This would be an increase of $89.5 million over the Administration's request of $578.5 million, and an increase of $82.5 million over current year spending.

About 44 percent of these funds go to schools attended by students residing on Federal trust lands.

The Committee's proposed increase, which exceeds the limited inflationary increases recommended for other programs by the Committee, is justified by the rapidly rising costs of schooling, the budget crises facing school districts across the nation, and by the absence of any but minuscule increases in the past three years.

Impact Aid Construction. The Committee recommends an appropriation of $28 million for Impact Aid construction in Fiscal Year 1992, an increase of $13 million over the Administration's request, but an increase of only $1.6 million over the current year.

About half of Impact Aid construction funding has gone, historically, to schools attended by Indians, with the other half going to schools impacted by military installations. The backlog of applications for education facility funding from schools attended by Indians has grown at such a rate that the entire amount could be devoted to Indian schools, if no additional need exists for construction of military-impacted schools.

Education for Native Hawaiians. The Committee recommends an appropriation of $6.7 million for continuation of demonstration projects for Native Hawaiians in Fiscal Year 1992, an increase of $300,000 over the current year. The Administration has proposed no funding for these projects, even though the Congress authorized the programs for three years under P. L. 100-297. The Committee's recommended amount approximates 4 percent inflation over the current year.

Since the increase in funding proposed is based upon rising costs, it should be distributed among the five projects proportionately.

On-site assessments of these projects testify to their importance and value to the communities served, and their worth as demonstrations will be sharply reduced if they are abruptly discontinued.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Indian housing. The Committee recommends an appropriation of $242 million for the Indian Mutual Self-Help Housing Program for Fiscal Year 1992, a program for which no funds have been requested by the Administration. This would allow the construction of 3,000 units of housing, the same number as the current year, but the dollar amount would be increased for inflation by 4 percent.

Given annual reductions of spending for Indian housing averaging nearly 20 percent annually for the ten years preceding the current year, it is not surprising that the number of units of Indian housing needed is approaching 60,000, with an additional 40,000 units needing substantial improvements.

Consistent with the Congress' decision in the 101st Congress to reverse the decline in spending for Indian housing, this Committee recommends that up to $400,000 of the recommended increase be allocated to the Department to increase the central staff of the Office of Indian Housing by six full time positions, and, further, that office seek to recruit American Indians to fill those positions. If this allocation is approved, the Select Committee requests that bi-annual reports be provided to the Committee on progress in its Indian recruitment program.

The Committee further recommends that the Administration's proposal to recapture funds from previously reserved units be rejected.

The Committee also recommends the addition of $500,000 for the conduct of activities by the National Commission on American Indian, Alaska Native, and Native Hawaiian Housing. No funds were requested by the Administration, even though P.L. 101-235 authorized $1 million for the Commission over two succeeding fiscal years. So far, only $500,000 has been appropriated.

The Committee also recommends increasing funds for operating subsidies, modernization, and the drug elimination grant program, perhaps to $2.6867 billion, $3.0 billion, and $166 million, respectively, the levels recommended by the housing coalition. These programs are all proposed for reduction by the Administration. Since this Committee's information on the non-Indian needs for appropriations for these programs is limited, the Committee asks that the pressing needs of Indian housing programs for fractional percentages of these appropriations be taken into account as allocations for the larger programs are considered.

The Committee notes that the Administration has proposed $125 million for Indian participation in its proposed appropriation for the HOME Partnership Investment Block Grant Program, as well as funding for its HOPE program. Based upon information available to the Committee, neither program promises to meet even a fraction of the need for housing on Indian reservations and in Indian areas, even if funded at the current level of the Indian Mutual Help Housing Program. Accordingly, the Committee recommends a decrease of $115 million from the amount requested for Indian participation in the HOME program, leaving the appropriation for that purpose at its authorized level of $10 million.

Community Development Block Grants. The Committee has concluded that there is a need for substantially increased funding for the Indian Community Development Block Grant Program (CDBG) in Fiscal Year 1992, certainly no less than an increase of 4 percent over the appropriation of $32 million for the current year. The Administration's request for the entire CDBG program is $2.9 billion, however, and based on the Indian set-aside, Indian tribes could compete for only $29 million in Fiscal Year 1992, a reduction of $3 million from the current year.

The CDBG program enables Indian tribes to rehabilitate housing, provide infrastructure, and in other ways to stimulate economic development on reservations and in Indian areas. With unemployment rates of 60 percent, economic development and job creation are among the highest priorities of tribes. The applications for Indian CDBG funding exceed $80 million annually, nearly three times the funding available.

Since this Committee does not have the information required to justify a multi-million dollar increase in the non-Indian CDBG program, which would result in a $4 million dollar increase in the Indian program, it asks that the urgent need for expanded funding for Indian tribes be taken into account as appropriations for the general CDBG program are considered.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

INDIAN HEALTH SERVICE BUDGET

The Indian Health Service (IHS) is the primary Federal agency responsible for raising to the highest level possible the health status of American Indians and Alaska Natives by providing a full range of curative, preventive and rehabilitative health services. IHS serves approximately 1 million members of Federally-recognized tribes who live on or near reservations, or in traditional Indian country, such as Oklahoma and Alaska. Direct health services are provided through the operation of 43 hospitals, 66 health centers, 4 school health centers, and approximately 51 smaller health stations and satellite clinics. The tribal health delivery system administered by tribes and tribal groups through contracts with IHS operates 7 hospitals, 89 health centers, 3 school health centers, 64 smaller health stations and satellite clinics and 173 Alaska Village Clinics. In addition, various health care and referral services are provided to Indian people in urban settings through urban health programs consisting of 28 health clinics and 6 facilities providing community services.

Contract health care dollars supplement the IHS and tribal health care delivery systems, through purchase of medical services from non-IHS providers.

As with the BIA, the primary legislative authority for IHS programs is the Snyder Act. Additional legislative authority for IHS programs is contained in: 1) the Indian Health Care Improvement Act of 1976 (P.L. 94-437) and subsequent amendments to that Act (P.L. 100-713); and 2) the Indian Alcohol and Substance Abuse Prevention and Treatment Act of 1986 (P.L. 99-570) and its amendments (P.L. 100-690). Legislation enacted in the 101st Congress provides new authority for improvements in mental health, urban Indian health, alternative health care approaches and child abuse prevention and treatment under P.L. 101-630.

In fiscal year 1991, Congress appropriated $1,581,069,000 for the IHS. This included $1,414,667,000 for Indian Health Services and $166,402,000 for Indian Health Facilities. The President's budget for fiscal year 1992 proposes a total of $1,556,111,000 for the IHS. **This represents a decrease of $24,958,000 or 1.5 percent under the level of funding provided in fiscal year 1991 for the health care services operated by the Indian Health Service and for contract care. While the Administration proposes a number of individual program increases in the IHS, as adjusted, the proposed increases are made at the expense of health facilities construction which is decreased by 92 percent.**

To further reduce the actual level of care, the Administration proposes to fund all of the requested increases in FY 1992 with projected revenues from Medicaid and Medicare reimbursements and collected private insurance. The IHS budget request anticipates the collection of $100 million in Medicaid/Medicare reimbursements and $129 million in private insurance collections in FY 1992. These projections of revenues compare with fiscal year 1990 data which would indicate that only $88 million can realistically be expected to be collected from medicaid/medicare sources and only $3.7 million from private insurance sources. The President's Budget projections thus fall $137.3 million short of the revenue needed to maintain the fiscal year 1990 level of program effort. The Committee strongly objects to the Administration's proposal to base new increases on private insurance collections.

The Committee recommends a total appropriation of $1,808,665,000 in FY 1992, this includes $1,584,405,000 for Indian Health Services and $224,260,000 for Indian Health Facilities. The total reflects a 14 percent increase in the provision of health services over the FF 1991 appropriation. The increases recommended by the Committee are authorized under recent enactment of three major Acts: P.L. 100-713, the Indian Health Care Amendments of 1988; P.L. 100-690, the Anti-Drug Abuse Act of 1988; and, P.L. 101-630, the Indian Health Care Amendments of 1990. In addition to these authorized increases, the base IHS budget has been increased to: 1) fully and directly fund built-in increases which are anticipated to be collected from Medicare/Medicaid reimbursements or private insurance collections and 2) recapture the funding decreases for all programs resulting from inflation (8.6 percent for medical costs and 4.0 percent for non-medical costs) to maintain the same level of care provided in FY 1991 in the forthcoming fiscal year.

A more detailed, program by program breakdown of these proposed increases and a narrative explanation of the changes and certain budget policy initiatives follows:

INDIAN HEALTH SERVICE
Comparison of FY 1991 & 1992 Budgets

APPROPRIATION ACCOUNT/ACTIVITY (In thousands)	FY 1991 Adjusted Appropriation	FY 1992 Requested	+/- Difference From FY 91	SENATE SELECT Recommended	+/- Difference From Admin.
CLINICAL SERVICES					
Hospitals & Clinics	800,973	867,946	66,973	892,856	24,910
Dental Health	43,153	46,064	2,911	46,864	800
Mental Health	25,462	27,310	1,848	50,180	22,870
Alcoholism	69,747	83,510	13,763	83,510	0
Maintenance & Repair	15,926	16,557	631	16,563	6
Contract Health Services	280,220	306,411	26,191	306,411	0
Clinical Subtotal	1,235,481	1,347,798	112,317	1,396,384	48,586
PREVENTIVE HEALTH					
Sanitation	28,975	30,738	1,763	33,984	3,246
Public Health Nursing	17,247	18,651	1,404	18,651	0
Health Education	6,050	6,397	347	6,397	0
Community Health Rep.	36,494	39,527	3,033	39,527	0
Hepatitis	1,212	1,282	70	1,282	0
Preventive Subtotal	89,978	96,595	6,617	99,841	3,246
URBAN HEALTH	15,687	16,614	927	25,157	8,543
HEALTH MANPOWER	13,380	13,915	535	24,882	10,967
TRIBAL MANAGEMENT	4,235	5,102	867	5,102	0
DIRECT OPERATIONS	52,406	60,143	7,737	57,322	(2,821)
Services Subtotal	1,411,167	1,540,167	129,000	1,608,688	68,521
OPERATION AND MAINTENANCE OF QUARTERS	3,500	3,500	0	3,500	0
Services Total	1,414,667	1,543,667	129,000	1,612,188	68,521
INDIAN HEALTH FACILITIES					
Hospitals	42,237	0	(42,237)	89,477	89,477
Repair & Improvement	9,948	12,444	2,496	12,444	0
Outpatient Facilities	28,311	0	(28,311)	26,245	26,245
Personnel Quarters	12,435	0	(12,435)	5,852	5,852
Regional Treatment Centers	1,612	0	(1,612)	5,887	5,887
Sanitation Facilities	71,859	0	(71,859)	99,000	99,000
Facilities Total	166,402	12,444	(153,958)	238,905	226,461
GRAND TOTAL	1,581,069	1,556,111	(24,958)	1,851,093	294,982

The Committee has recommended increases based on full budget authority for the $129 million which the Administration assumes will be collected in Private Insurance collections. The Committee rejects this notion.

HEALTH DELIVERY SYSTEMS

CLINICAL SERVICES. It is recommended that Hospitals and Clinics receive an increase of $23,410,000 over the Administration's request, including direct funding for built-in increases, to fully fund the programs authorized under newly enacted public laws. The Committee agrees with the IHS recommendation that $66.9 million is needed to fund built-in increases, staffing of new facilities, the loan repayment program, special initiatives and AIDS prevention and treatment. This appropriation shall remain free of the stipulation that private insurance collections will fund this program since these funds are essentially non-existent and cannot be collected in a timely fashion. These increases are applied in the following areas:

Indian Health Care Improvement Act Fund. Section 201 of P.L. 100-713 authorizes the appropriation of $20,000,000 in FY 1992 to address tribal health resource deficiencies with the aim of bringing those hospitals and clinics which are operating with less than 60 percent of the resources to an equitable level with other facilities. The Committee recommends that this amount be added to the Hospitals and Clinics base budget in FF 1992 and sustained in future fiscal years to reduce the backlog of $540,000,000 that is needed to bring all programs to a non-deficient level. The Committee understands that the IHS has developed a new resource allocation methodology for distributing those funds appropriated in FY 1991 and is concerned that equitable distribution may not be accomplished without increased tribal consultation.

HIV/AIDS. The Indian Health Service has requested $3.2 million for AIDS Prevention and Treatment, a $1.4 million increase over FY 1991. This Committee rejects the stipulation that this increase be based on unlikely private insurance collections. These funds will provide for surveillance, training, counseling, community awareness and patient care.

Dental Health. An increase of $2.9 million has been proposed by the IHS for dental care, for a total request of $46 million in FY 1992. The increase is based on population growth and staffing of new facilities. The Indian Health Service acknowledges that Indians are only half as likely to receive dental care as the all races population. The incidence of dental decay among Indian people is twice the national average. The FY 1992 request notes that $70 million would be needed to address unmet clinical requirements. In view of the documented need, the Committee recommends an increase of $3,711,000 over the FF 1991 request.

Mental Health. During the 101st Congress, the Office of Technology Assessment conducted a study on the mental health needs of Indian children and adolescents. The study found that Indian adolescents have more serious mental health problems, in a number of categories, than any other group in the U.S. population. Despite the severity of mental health problems only 17 mental health workers trained to work with children or adolescents are available to address the needs of more than 400,000 Indian youth. The Committee is advised that if this situation is to be corrected, at least 200 more mental health workers are needed to achieve parity with the non-Indian population.

In response to this study, the Congress enacted P.L. 101-630, the Indian Health Care Amendments of 1990 which created a statutory basis for the IHS Mental Health Program authorizing appropriations for the following programs in fiscal year 1992: $1 million for Community Planning; $3.8 million for Technical Assistance; $1.2 million for Community Education; $1.2 million for Staff Recruitment and Retention; $1 million for the Mental Health Technician Training Program; $2 million for Research; $500,000 for Facilities Assessment and $3 million for Demonstration Grants. These programs have been recommended for full and direct funding in addition to a $1,018,000 increase which offsets the additional costs of inflation. As with other programs, the Committee opposes the pursuit of private insurance collections by the IHS to cover the built-in increases proposed for Mental Health programs.

Community Health Aid Program. (CHAP) The Community Health Aides in Alaska extend primary health care services to Alaska Natives living in remote Alaska villages. The Alaska Native Health Board estimates that $28.7 million is needed annually for three years to meet the training needs of 405 FTEs in the CHAP program. The Committee agrees with the proposed funding of $20,014,000 in fiscal year 1992, compared to the $18.9 million funded in fiscal year 1991.

1988 Amendments to the Omnibus Anti-Drug Abuse Act. The Committee recommends that full funding for programs authorized under P.L. 100-690 be included in the FY 1992 budget within the Alcoholism and Substance Abuse Programs, these increases include: $1,501,000 for Training and Community Education and $1,217,000 for Contract Health Care funding to assist youth and their families in seeking treatment for alcoholism and substance abuse. The Committee supports the Administration's request of $8.6 million for an Omnibus Drug Abuse Initiative. This initiative will require that $4 million in direct funding be made available for aftercare services for youth admitted to regional treatment centers, $3 million for emergency placement of youth in group homes, $500,000 for evaluation of treatment effectiveness, $500,000 to reduce substance abuse among children and youth and $500,000 to determine the prevalence of alcohol abuse among women. Once again, the Committee does not support the notion of private insurance collections being used to offset base budget increases.

Maintenance and Repair. The budget request for this program is $15.9 million, the same as the fiscal year 1991 appropriated level. The Committee recommends an increase of $637,000 to keep pace with inflation and opposes the assignment of private insurance collections to meet this expense. The Committee's recommended funding level of $16,563 falls short of meeting the IHS identified backlog of $200 million.

Medicare/Medicaid Reimbursements. The Indian Health Service anticipates the collection of $65 million in Medicaid and $35 million in Medicare reimbursements in fiscal year 1992. In the most recent fiscal year 1990, the IHS collected $88 million in Medicaid and Medicare reimbursements. The Indian Health Care Improvement Act specifies that the funds be used "exclusively for the purpose of making any improvements in the facility of such service which may be necessary to achieve compliance with the applied conditions and requirements of the Act." These funds are to be used to meet personnel services ($83 million), equipment and supplies needs ($11 million) and for maintenance and repair projects ($6 million).

Contract Health. The Committee is very concerned that the annual shortfall of Contract Health care funded is escalating at a rate of $15 million per year which necessitates the rationing of Contract Health in the second half of each fiscal year. Therefore, the Committee recommends that $26,191,000 be added to Contract Health Services which is the same amount recommended by the Administration. This amount includes: $16,331,000 to address inflationary needs, $6,760,000 for population growth and $3,100,000 to partially address unmet needs. The Committee strongly opposes the collection of private insurance to cover these increases and recommends that this increase be a direct appropriation.

The budget request includes $12,000,000 for the Catastrophic Health Emergency Fund (CHEF) in FY 1992, the same amount appropriated in FY 1991. The Committee is concerned that over 200 catastrophic cases may be left unfunded by the end of the fiscal year. In addition, the Committee has received a number of reports from tribes that Contract Health Care payments from the Indian Health Service are continuously late, forcing credit collection and increased stress on patients. To meet the actual need of CHEF and improve payment response, the Committee intends on monitoring this program closely.

PREVENTIVE HEALTH. The Committee supports direct funding by the Administration in support of their requests for the following Preventive Health programs: $30,738,000 for Environmental Health; $18,651,000 for Public Health Nursing; $6,397,000 for Health Education; $39,527,000 for Community Health Representatives; and $1,282,000 for Hepatitis B Immunization Programs. These recommended funding levels are not to be contingent upon private insurance collections but comprised of direct funding by the Indian Health Service. The Committee recommends that Sanitation be increased by $3,246,000 over the Administration request to fund the cost of providing technical assistance to tribes and emergency repairs to tribal sanitation facilities as authorized in P.L. 100-713.

URBAN HEALTH. A $7,000,000 increase over the Administration's request is provided for urban health projects to initiate health promotion/disease prevention programs, immunization, mental health services, child abuse prevention and treatment programs and minor facility renovations as authorized by P.L. 101-630. An additional $1,843,000 as authorized by P.L. 100-690 is recommended in fiscal year 1992 to effectively allow urban Indian programs to provide for their own substance abuse programs. Once again, the Committee opposes the requirement that IHS programs must apply private insurance collections to any increases recommended by the Administration to offset built-in increases.

HEALTH MANPOWER. To address severe manpower shortages within the Indian Health Service, P.L. 100-713 authorized the following new programs to retain and recruit clinical providers into the Service. Although these programs were authorized, the Administration's request did not include: $3,991,000 for the Nurse recruitment program; $1,000,000 for the Tribal Recruitment and Retention Program; $288,000 for Health Professions Recruitment; $1,000,000 to provide for educational instruction of IHS employees on tribal culture; $1,500,000 for tribally controlled community college Health Training Programs; $606,000 for development of Indians Into Medicine programs; $100,000 for travel in recruitment efforts; $2,037,000 in Preparatory Scholarship assistance; and $445,000 in the Health Scholarship Program. Each of these programs is recommended for funding by the Committee under the Indian Health Manpower account.

The IHS budget recommends $6,900,000 in FY 1992 for the Loan Repayment Program, however, the Committee is concerned that $1.9 million of this amount is based upon the assumption that private insurance collections will fund a part of this program. The Committee recommends full and direct funding of this program as authorized by Sec. 108 of P.L. 100-713. Further, the Committee recommends the transfer of this program from the Hospitals and Clinics line item to the Manpower line item in fiscal year 1992.

TRIBAL MANAGEMENT. The fiscal year 1992 Tribal Management program is proposed to be $5,102,000, an increase of $867,000 over the fiscal year 1991 level. No private insurance collections are attributed to this account, however, $169,000 of this increase is the proposed for transfer from another budget authority. The increase will fund 91 Tribal Management grants in fiscal year 1992.

DIRECT OPERATIONS. The President's budget notes that since 1983, the IHS health services budget has grown by approximately 30 percent, while the IHS Administrative budget has grown by 2.6 percent. The growth in program size and complexity continues to place an increased burden on the Administrative infrastructure. The Committee recommends that this program be increased by $2,096,000 to allow for built-in inflationary increases including pay raises and increased costs of travel, rental, utilities, equipment, printing and $2,820,000 for the Quality Management Initiative. The Committee remains concerned with the lack of ongoing tribal consultation and recommends that $1 million of the Quality Management Initiative be provided to a tribal organization for promoting and organizing tribal consultation.

INDIAN HEALTH FACILITIES

HEALTH FACILITIES AND SANITATION CONSTRUCTION. As noted earlier, the Administration has proposed a major reduction in funding for construction of new health and sanitation facilities. No facilities were recommended for construction funding in FY 1992. Approximately 14 repair and improvement projects at existing IHS and tribal facilities have been recommended to receive $12,444,000 in the FY 1992 request. The FY

1992 President's budget request for facilities contains no new funding for Federal or tribal construction of sanitation facilities (wells, septic tanks, water purification, etc.) for Indian homes. While the entire backlog of unmet need, which is estimated at $572 million, can be documented by the IHS, the Administration did not request funding for this program. In the interest of eliminating this backlog, the Indian Health Care Improvement Act Amendments of 1989 (P.L. 100-713), requires the IHS to devise a 10 year plan to resolve this problem. The 1990 assessment projected a need for $99 million annually initially, with deductions anticipated as infrastructure is constructed.

Finally, the IHS reports that after four years only four primary residential treatment centers are open to youth as authorized by P.L. 99-570 and P.L. 100-690 within the twelve IHS areas. Much of the delay in opening these regional treatment facilities stems from the lack of construction and renovation resources. The Committee recommends that $5,887,000 be added to the facilities budget for this purpose.

Those facilities which can be obligated and are recommended by the Committee in FY 1992 include the following:

Fiscal Year 1992
INDIAN HEALTH FACILITIES
Recommended for Construction
(in thousands)

HOSPITALS	
Anchorage, AK	$50,000
Shiprock, NM	$24,632
Crow, MT	$14,645
Planning Studies	$200
Subtotal	$89,477
REPAIR AND IMPROVEMENT	$12,444
OUTPATIENT FACILITIES	
Taos, NM	$5,441
White Earth, MN	$13,621
Stilwell, OK	$7,183
Subtotal	$26,245
PERSONNEL QUARTERS	
Barrow, AK	$2,824
Belcourt, ND	$3,028
Subtotal	$5,852
REGIONAL TREATMENT CENTERS	$5,887
Facilities Subtotal	$139,905
SANITATION FACILITIES	$99,000
FACILITIES GRAND TOTAL	$238,905

BUDGET POLICY INITIATIVES

Additionally, the Committee notes that in some of the programs within IHS there are several areas of concern for which the Committee makes the following specific recommendations:

Creation of Tribal Health and Federal Health Appropriations Accounts. The Administration's FY 1991 budget proposes the creation of two separate appropriations accounts for IHS: the Tribal Health Administration and the Federal Indian Health Administration. The Tribal Health account would provide funding for health programs operated by Indian tribes under self-determination contracts. The Federal account would fund programs which are continued under direct IHS operation. In past years, the appropriations committees have rejected this format on the basis that it is designed to encourage a shift of responsibilities from the Federal government to the tribal governments upon the election of the United States, rather than the tribes, as required by the policy of Indian self-determination.

Projected Collection of Private Insurance Reimbursements. As noted earlier, the Administration projects that the IHS will collect $129,000,000 in reimbursements from third party private health insurers for services provided to Indians in IHS facilities. In the past, the Committee has strongly opposed the assumption that large sums can be collected from private health insurers, and notes that the IHS has estimated that only $8,000,000 was collected in FY 1990. Further, the Administration proposal to collect third party payments may not be in compliance with Sec. 207 of P.L. 100-713 as these funds should be used for renovation and improvement of existing facilities for accreditation purposes.

Means-testing of Indian people for IHS services. The Committee is very concerned with the following statement as noted in the President's Request for fiscal year 1992:

> "During FY 1991, the administration will begin the process of tribal consultation regarding the possibility of developing a reimbursement system, allowing IHS and Tribal Service Delivery Systems to seek reimbursement from beneficiaries for Cost of Care provided. Any contribution toward care received would be linked to the income and ability to pay of the beneficiary."

This statement raises the inference that a form of means-testing will be proposed to charge Indian patients for services provided by the Indian Health Service. This issue will be closely examined on the basis that health care is secured to most Indian patients as a function of treaty commitments in exchange for the cession of vast amounts of Indian land. Put another way, the cession of land was regarded as payment for services secured in treaties with the United States.

Inflationary Increases. The inflationary increases for individual programs, which are recommended by the Indian Health Service, are based on a 5.9 percent increase for medical costs and 4 percent increase for non-medical costs. These marginal increases will seriously handicap the Indian Health Service in meeting the 8.6 percent increase in the costs of providing medical care as projected by the Congressional Budget Office based upon the Consumer Price Index.

Administration for Native Americans

The Committee recommends an appropriation of $41,726,000 for the Administration for Native Americans for Fiscal Year 1992, an increase of $8,350,000 over the recommendation of the President. This increase is based upon a 4 percent inflation rate and funding for additional grant programs authorized by the 101st Congress or anticipated to be authorized during the first session of the 102nd Congress.

The program authorized by the last Congress (P.L. 101-408), for which the Committee is recommending a $5 million appropriation, will provide for grants to improve the capability of Indian tribal governments to regulate environmental quality on reservation lands.

The two other increments of $1 million each which are a part of the Committee's recommendation would (1) provide first-year funding for a national center on Native American public policy analysis; and (2) expand the resources available to the Native Hawaiian Revolving Loan Fund, established in 1988. Both authorizations are anticipated to be acted upon during the first session of this Congress.

The Administration for Native Americans, which administers the Native American Programs Act, was established to promote social and economic self-sufficiency among American Indians, Alaska Natives, Native Hawaiians, and Pacific Islanders. In Fiscal Year 1990, 253 grants were made to Native American tribes or organizations in 37 states and territories. Demand for social and economic development funds for meritorious projects consistently exceeds funding that is available.

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March 6, 1991

TO : Senate Select Committee on Indian Affairs
Attention: Yvette Joseph and Robert H. Nelson

FROM : Roger Walke
Analyst in American Indian Policy
Government Division

SUBJECT : Indian-Related Federal Spending Trends, FY1975-1992[1]

This memorandum responds to your request that we update the analysis of Indian-related budget areas presented in Appendix II of the Committee's publication *Budget Views and Estimates for Fiscal Year 1991* (S. Prt. 101-89) to cover the fiscal years 1975-1992. That study updated an analysis first done for the Committee for fiscal year 1989 (S. Prt. 100-116).

The memorandum summarizes trends in most Indian-related areas of the Federal budget over the period FY1975-1992. The budget items selected usually account for 70 percent or more of total Federal spending each year on American Indians and Alaska Natives.

The trends are summarized in tables 1-4, and selected trends are illustrated in graphs 1-18. Both tables and graphs are based on the data in appendix tables 1-2. For each budget area, tables 1-4 show (1) the average level of spending in each year over the time period, (2) the annual change (i.e., the annual trend) in such spending, (3) the ratio of the annual trend to the average level (called the "change ratio"), and (4) an indicator of the consistency of the trend.

Table 1 covers the period FY1975-1992, using current dollars. Table 2 covers the same period using constant, or inflation-adjusted, 1990 dollars. Tables 3 and 4 present the same current- and constant-dollar data for the period FY1982-1992.

This memorandum emphasizes constant-dollar figures. Since such figures are adjusted for the effects of inflation, they are better indicators of real changes in spending than current-dollar figures.

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[1] Garrine Laney, Analyst in American National Government, and Megan Perry, Intern, assisted in gathering the data for FY1975-1991.

This memorandum is not intended to be a complete analysis of all the Indian-related budget items selected. Rather it is meant to compare trends in major budget items affecting the nation's Indian population with trends in parallel budget items affecting the entire U.S. population. After a discussion of methodology and sources, the memo focuses on budget items in three topical areas—education, health, and housing and economic development—before examining overall trends.

METHODOLOGY AND SOURCES

The Indian-related budget items chosen for this analysis are the Bureau of Indian Affairs (BIA) in the Department of the Interior, the Indian Health Service (IHS) and the Administration for Native Americans (ANA) in the Department of Health and Human Services, Indian education under the Department of Education, and Indian housing under the Department of Housing and Urban Development. According to the Office of Management and Budget, these agencies accounted for 75 percent of Indian-related spending government-wide in FY1988 and 74 percent in FY1989 and FY1990.

Spending by agencies is measured in terms of either appropriations or outlays, depending on data availability and past usage in the Committee's study of FY1989. Indian housing data were available in terms of use of budget authority.

To adjust for inflation, current-dollar figures were changed into constant dollars. The base year for the constant dollars was 1990, and the inflation index used to compute constant dollars from current-dollar figures was the Implicit Price Deflator for the Gross National Product. We chose Implicit Price Deflator instead of the Consumer Price Index (CPI) because the former accounts for inflation in the entire economy rather than just in consumer purchases, and hence is more appropriate for the full range of Indian budget areas.

The *average*, or mean, *level of spending* during the period FY1975-1992 was computed by dividing total spending over the time period by the number of years.

Annual change (annual trend) and trend consistency over the time period were both determined by a time-series linear regression analysis. Such an analysis attempts to find the best straight line illustrating the relationship between a variable (here, a budget item) and time. The *annual change* is the "slope" of such a straight line (also known technically as the "coefficient of X" or the "regression coefficient"); the slope shows how much the spending on a budget item changes for every year that passes. *Trend consistency* is the "coefficient of determination," or r^2, generated by a regression analysis. Here, r^2 can be interpreted as follows: if the r^2 is high (i.e., closer to 1), then the trend, whether up or down, is very consistent; if the r^2 is low (closer to 0), then the trend is very irregular.

Change ratio denotes the annual change divided by the average level of spending. This is to control for the fact that the size of a budget item's annual change varies with the total amount of dollars spent by an agency. For instance, an annual change of $10 million for an agency whose average spending is $100 billion a year constitutes a much lower increase, proportionally, than the same $10 million increase for an agency whose average spending is $50 million a year. The change ratio allows one agency's annual change to be compared to that of another agency while taking relative budget size into account.

Sources for budget data are the respective agencies and the annual *Budget of the United States Government* submitted by the President. Budget data collected included historical appropriations and outlays and FY1992 budget estimates, by agency and by budget function[2] category. Agencies previously contacted include the BIA, IHS, ANA, HUD, Education Department, and Interior Department. It should be noted that HUD was not able to provide Indian housing data for FY1975 and FY1977 because the data had been archived.

U.S. population data came from the *Statistical Abstract of the United States* and the Census Bureau's Current Population Reports (Series P-25, No. 1068). Indian population data came from the Indian Health Service's *Trends in Indian Health 1990* and IHS projections, and are based on that agency's service population. IHS population estimates are updated annually.

Historical figures for the Implicit Price Deflator for GNP were obtained from the *Economic Report of the President* (February 1991); projections for 1991 and 1992 came from Data Resources, Inc. (DRI).

EDUCATION

Education data from table 1 show that Indian education spending appears to have been growing from FY1975 to FY1992. The annual change for BIA education, for instance, shows an increase of $9.5 million per year, for a positive change ratio of 3.27.[3] These figures, however, are in current dollars. Inflation has not been taken into account. The constant-dollar figures in table 2 do take inflation into account. These data show that BIA education has actually fallen by $8.3 million a year, for a negative change ratio of 2.15, during the period FY1975-1992. This pattern—an apparent current-dollars increase belied by a constant-dollars decline—is repeated in most Indian-related budget areas.

Table 2 shows that the U.S. Department of Education budget has averaged $20.4 billion in constant 1990 dollars during FY1975-1992 and has grown at a rate of $343.1 million a year (1.68 change ratio), but with a fair amount of annual variation (r^2 of .468). In contrast, Office of Indian Education programs in the Department of Education have averaged $91.5 million a year in constant dollars in the same time period and have fallen $3.0 million a year (-3.33 change ratio). The r^2 figure for the Education Department's Indian education programs (.722) shows that it has fallen consistently over the time period.

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[2] Budget functions represent classifications of budget expenditures by major objectives and operations, regardless of the agency responsible.

[3] FY1991 appropriations for BIA education programs included forward funding of $208,900,000 for the 1991-1992 school year. For this analysis, these funds have been included under FY1991.

Table 4 compares budget trends in constant dollars during the years of the Reagan and Bush administrations (FY1982-1992). The Department of Education has averaged $21.0 billion with an increase of $650.0 million a year (3.09 change ratio). BIA education has increased $7.9 million a year (2.30 change ratio), a lower rate than that of the Education Department as a whole, while Indian education in the Education Department has fallen $2.3 million a year (-2.94 change ratio).

Graphs 1-3 illustrate the trends in constant dollars for FY1975-1992. Graph 1 shows the generally upward, but fluctuating, trend for the Department of Education budget. Graphs 2 and 3 show the long-term downward trends for BIA education and Indian education in the Department of Education.

HEALTH

Federal health outlays (i.e., the health budget function), as shown in table 2, averaged $43.0 billion in constant 1990 dollars during FY1975-1992, increasing at a rate of $2.1 billion a year, for a change ratio of 4.96. Expenditures of the Department of Health and Human Services (HHS), which include more than health spending, averaged $148.0 billion in the same time period, increasing at $7.5 billion a year (5.07 change ratio). Indian Health Service appropriations, in constant dollars, also increased during FY1975-1992, but at lower rate: its annual increase was $32.1 million, a change ratio of 3.09, on an average level of $1.0 billion.

Spending on the health budget function during the Reagan and Bush administrations, shown in table 4, was at an average level of $48.8 billion in constant dollars during FY1982-1992, with an annual increase of $3.8 billion (7.85 change ratio). HHS outlays averaged $174.0 billion, increasing $8.3 billion (4.74 chahge ratio) annually. IHS spending showed lesser gains during the same period, receiving annual increases of $51.1 million per year, for a change ratio of 4.57, on an average level of $1.1 billion.

Graphs 4-6 depict the trends in the HHS, health function, and IHS budgets for the years FY1975-1992, in constant dollars. They show that the increase over time was more consistent for HHS (r^2 of .895) and the Federal health budget function (r^2 of .873) than for IHS (r^2 of .787).

HOUSING AND ECONOMIC DEVELOPMENT

Housing expenditures for the entire U.S. and for Indians have been significantly different. Table 2 shows that the Department of Housing and Urban Development budget averaged $20.3 billion in constant dollars from FY1978 to FY1992[4] and increased at an annual rate of $356.9 million, for a change ratio of 1.76. Indian housing, on the other hand, decreased at an annual rate of $92.5 million, or -17.51 change ratio, on average spending of $528.4 million. Graph 7 illustrates the HUD trend and Graph 8 depicts the trend for Indian housing. Graph 9 combines the two sets of data.

Housing trends in the Reagan and Bush administrations (FY1982-1992) are at or below those for the longer period. Indian housing expenditures have decreased at an annual rate of $50.6 million (-17.21 change ratio) on an average level of $293.9 million. Meanwhile, overall HUD spending has remained almost flat, growing by only $11.6 million a year (0.05 change ratio) on an average level of $21.3 billion.

Economic development has not fared well during the period FY1975-1992 in either the overall U.S. budget or the Indian-related budget. Here we compare the overall U.S. economic development budget function with the BIA economic development program and with the Administration for Native Americans, which provides funding for social and economic development projects to Indian tribal governments and non-governmental Indian organizations.

All three economic development programs have lost ground in constant dollars, but the Indian-related ones have fallen slightly faster. Table 2 shows that the U.S. economic development function has declined at an annual rate of $605.8 million, for a change ratio of -5.67, while averaging $10.7 billion a year in spending during this period. ANA expenditures, with an average level of $44.5 million, have decreased by $2.7 million a year, for a change ratio of -6.13. The BIA economic development program has lost the most, falling by $6.0 million a year—a negative change ratio of 7.26—on an average level of $82.4 million. Graphs 10-12, and the respective r^2's for the economic development function (.495), BIA economic development (.759), and ANA (.777), all show that the decline has been most consistent over the time period for the Indian-related programs.

Economic development spending during the Reagan and Bush administrations (FY1982-1992) has continued to decline, as shown in table 4. The Federal economic development function during this period fell faster than ANA, dwindling by $411.5 million a year (change ratio of -5.24) on average spending of $7.9 billion. ANA fell only by a change ratio of -1.57 ($0.5 million a year) on an average level of $33.2 million. BIA economic development went down the fastest, being reduced by a change ratio of -7.11 ($4.1 million a year) on average spending of $57.4 million. Again the downward trends were more consistent for the Indian-related items than for the overall Federal economic development function.

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[4] The time period for housing data is shortened from FY1975-1992 to FY1978-1992 because of missing data for Indian housing in FY1975 and FY1977.

OVERALL BUDGET AREAS

This section compares trends over the time period for the total BIA budget, overall Indian-related spending, and the Federal non-defense budget[6] as a whole, using both current and constant dollars. For the BIA, table 1 and graph 13 display an increase in spending in current dollars, with spending going up by $33.5 million a year (change ratio of 3.18) with an average level of $1.1 billion. Table 2 and graph 14, however, show that in constant dollars there was actually a decline in the BIA budget of $26.5 million a year (-1.89 change ratio), on an average level of $1.4 billion. A reasonably steady increase (r^2 of .713) in current dollars becomes, when corrected for inflation, an unsteady decline (r^2 of .478) in constant dollars.

Overall Federal non-defense spending, however, departs from the pattern for Indian-related spending. Federal spending as a whole in current dollars went up during the period FY1975-1992, at a rate of $38.2 billion (7.29 change ratio) with an average level of $523.5 billion (see table 1). In constant dollars, Federal spending still went up, at a rate of $18.0 billion (2.76 change ratio) on an average level of $654.8 billion (see table 2). Graphs 15 and 16 illustrate these upward trends in current and constant dollars.

The overall Indian-related budget returns to the same pattern as the BIA. Current-dollar spending during the FY1975-1992 period, as shown in table 1, went up at a rate of $76.1 million a year, a change ratio of 3.27, on an average level of $2.3 billion. Constant-dollar spending, however, is shown in table 2 to have gone down at a rate of $45.6 million a year (-1.48 change ratio) with an average level of $3.1 billion. Graphs 17 and 18 demonstrate the two trends.

Population data can be used to get a simple comparison of per-capita Federal spending between the overall U.S. population and the Indian population. Table 1 includes population data similar to the budget data. The data (which include projections) show that the overall U.S. population increased at a rate of 2,261,581 people a year (0.96 change ratio) during the period 1975-1992, with an average level of 235,205,778 people. The Indian population (as measured by the IHS service population) is much smaller, with an average level of 900,837, but it has grown much faster, increasing at an annual rate of 33,060 persons, for a change ratio of 3.67. To get a measure of per-capita Federal spending for each of the two groups, we took each year in the FY1975-1992 period and divided the overall Federal non-defense budget by the total U.S. population, and the overall Indian budget by the Indian population. We used current dollars for this measure.

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[6] The Federal non-defense budget used here excludes both national defense expenditures and net interest payments on the national debt.

Graph 19 illustrates the resulting trends. It shows that during the first ten years of the period the Federal government spent more per capita on Indians than on the population as a whole. After 1985, however, Indians received less expenditure per capita, under major Indian-related programs, than the population as a whole. Throughout the 1975-1992 period, per-capita spending on the U.S. population as a whole consistently increased, whereas per-capita spending on Indians through major Indian-related programs began to fall in 1979, with no significant upward change until 1990. Graphs 19A and 19B display the two populations' growth trends over the 1975-1992 period.

SUMMARY

The data show that Indian-related spending, corrected for inflation, has been going down in almost all areas. Among the Indian-related items examined for the FY1975-1992 period, only Indian health (IHS) and BIA natural resources spending have avoided this trend. (BIA tribal services spending has been flat.)

This downward trend is not obvious if one looks only at current-dollar data. One has to look instead at constant-dollar figures. The tables and graphs show that, in constant dollars, overall Indian spending has gone down, while overall Federal non-defense spending has gone up.

When one looks not only at overall Indian spending but also at its major parts—BIA, IHS, Indian education in the Education Department, Indian housing in HUD, and ANA—one sees from table 2 and graph 20 that, in constant dollars, *all* major spending items except IHS have declined during the period FY1975-1992. Moreover, a comparison in constant dollars of overall Indian spending and its major parts, on the one hand, with comparable budget items in the full Federal budget, on the other, indicates that all Indian-related spending areas have lagged behind their equivalent Federal spending areas. (See graph 21.) This is true even of IHS.

If the BIA budget and overall Indian spending in constant dollars were to decline at the same rates of annual change during the period FY1993-2000 as they did during FY1975-1992 (-$26.5 million and -$45.6 million, respectively, in constant dollars), as shown in graph 22, then by FY2000 overall Indian-related spending in 1990 dollars would have fallen from $3.38 billion in FY1991 to $2.39 billion. Similarly, BIA spending in 1990 dollars would have diminished from $1.51 billion in FY1991 to $1.10 billion in FY2000.

If you have any questions, or if I can be of further assistance, please call me at 707-8641.

RW:mb;db
Attachments

TABLE 1. TRENDS IN SELECTED ELEMENTS OF THE FEDERAL BUDGET in CURRENT DOLLARS, FY1975-1992

[Dollar figures in millions]

	Average Level (A)	Annual Change (B)	Change Ratio (B/A)	r^2
Education:				
U.S. Dept. of Education	$16,116.9	$1,010.6	6.27	.915
Education function	$30,268.6	$1,226.7	4.05	.746
Indian education (U.S. Dept. of Ed.)	$67.7	$1.0	1.45	.296
BIA education	$288.9	$9.5	3.27	.376
Health:				
U.S. Dept. of Health/Hum. Serv.	$121,673.9	$11,209.0	9.21	.968
Health function	$35,222.7	$3,350.1	9.51	.871
Indian Health Service	$833.8	$62.8	7.53	.908
Housing and Economic Development:				
U.S. Dept. of Housing/Urb. Devt.*	$17,139.5	$951.2	5.55	.577
Indian housing*	$376.6	$-52.7	-14.00	.828
Economic development function	$7,655.1	$-93.3	-1.22	.050
Admin. for Native Americans	$31.6	$-.2	-.76	.156
BIA economic development	$57.7	$-1.8	-3.08	.326
Natural Resources:				
U.S. Dept. of the Interior	$4,555.1	$203.5	4.47	.888
Natural resources function	$13,386.1	$552.8	4.13	.851
BIA natural resources	$102.6	$7.0	6.80	.797
Overall:				
BIA Total	$1,055.2	$33.5	3.18	.713
BIA tribal services	$237.9	$12.5	5.24	.848
Overall Indian budget	$2,330.4	$76.1	3.27	.569
Federal non-defense budget**	$523,522.9	$38,171.4	7.29	.947
U.S. population	235,205,778	2,261,581	.96	1.000
Indian population	900,837	33,060	3.67	.978

NOTES: * Covers only FY1978-1992.
** Excludes national defense and net interest payments on national debt.

TABLE 2. TRENDS IN SELECTED ELEMENTS OF THE FEDERAL BUDGET in CONSTANT 1990 DOLLARS, FY1975-1992

[Constant dollars based on Implicit Price Deflator for GNP]
[Dollar figures in millions]

	Average Level (A)	Annual Change (B)	Change Ratio (B/A)	r^2
Education:				
U.S. Dept. of Education	$20,421.3	$343.1	1.68	.468
Education function	$39,623.1	$-321.2	-.81	.087
Indian education (in Dept. of Ed.)	$91.5	$-3.0	-3.33	.722
BIA education	$385.2	$-8.3	-2.15	.256
Health:				
U.S. Dept. of Health/Hum. Serv.	$148,003.5	$7,497.7	5.07	.962
Health function	$42,972.7	$2,133.2	4.96	.770
Indian Health Service	$1,038.7	$32.1	3.09	.662
Housing and Economic Development:				
U.S. Dept. of Housing/Urb. Devt.*	$20,304.3	$356.9	1.76	.122
Indian housing*	$528.4	$-92.5	-17.51	.807
Economic development function	$10,676.3	$-605.8	-5.67	.495
Admin. for Native Americans	$44.5	$-2.7	-6.13	.777
BIA economic development	$82.4	$-6.0	-7.26	.759
Natural Resources:				
U.S. Dept. of the Interior	$5,911.9	$-11.3	-.19	.009
Natural resources function	$17,493.9	$-123.8	-.71	.123
BIA natural resources	$128.1	$3.7	2.87	.404
Overall:				
BIA Total	$1,400.7	$-26.5	-1.89	.478
BIA tribal services	$305.6	$1.8	.58	.061
Overall Indian budget	$3,074.9	$-45.6	-1.48	.174
Federal non-defense budget**	$654,832.7	$18,049.0	2.76	.836

NOTES: * Covers only FY1978-1992.
** Excludes national defense and net interest payments on national debt.

TABLE 3. TRENDS IN SELECTED ELEMENTS OF THE FEDERAL BUDGET
in CURRENT DOLLARS, FY1982-1992

[Dollar figures in millions]

	Average Level (A)	Annual Change (B)	Change Ratio (B/A)	r^2
Education:				
U.S. Dept. of Education	$19,211.6	$1,252.5	6.52	.901
Education function	$33,301.3	$1,873.4	5.63	.892
Indian education (U.S. Dept. of Ed.)	$70.3	$.4	.59	.069
BIA education	$312.1	$18.9	6.06	.400
Health:				
U.S. Dept. of Health/Hum. Serv.	$159,938.3	$12,932.6	8.09	.934
Health function	$45,362.6	$5,085.5	11.21	.889
Indian Health Service	$1,026.7	$81.4	7.93	.877
Housing and Economic Development:				
U.S. Dept. of Housing/Urb. Devt.*	$19,327.9	$665.4	3.44	.233
Indian housing*	$250.7	$-36.6	-14.59	.802
Economic development function	$6,987.7	$-117.7	-1.68	.098
Admin. for Native Americans	$29.9	$.5	1.84	.793
BIA economic development	$50.7	$-2.8	-5.46	.493
Natural Resources:				
U.S. Dept. of the Interior	$5,193.5	$215.0	4.14	.881
Natural resources function	$14,985.7	$703.4	4.69	.857
BIA natural resources	$129.3	$4.3	3.31	.311
Overall:				
BIA Total	$1,148.9	$47.8	4.16	.626
BIA tribal services	$278.5	$13.2	4.75	.642
Overall Indian budget	$2,526.5	$93.6	3.70	.600
Federal non-defense budget**	$649,421.5	$45,287.1	6.97	.878
U.S. population	$243104818	$2251191	.93	.999
Indian population	$1016912	$28646	2.82	.999

NOTES: * Covers only FY1978-1992.
** Excludes national defense and net interest payments on national debt.

TABLE 4. TRENDS IN SELECTED ELEMENTS OF THE FEDERAL BUDGET in CONSTANT 1990 DOLLARS, FY1982-1992

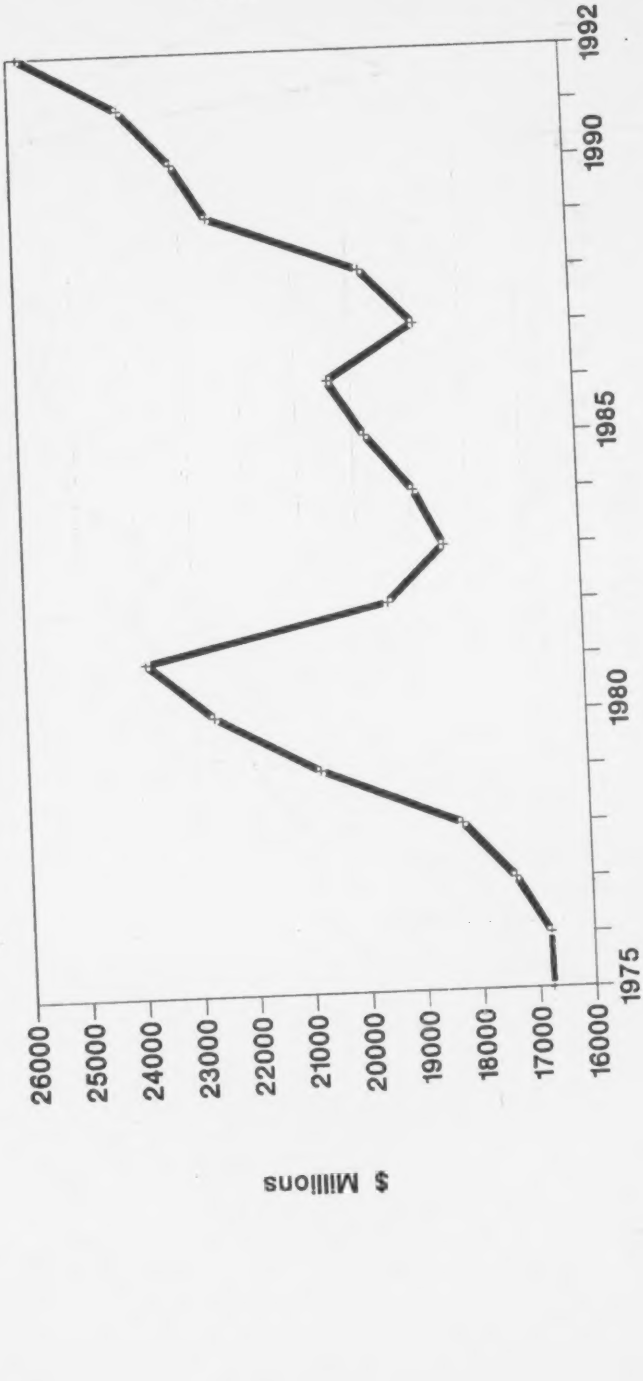
[Constant dollars based on Implicit Price Deflator for GNP]
[Dollar figures in millions]

	Average Level (A)	Annual Change (B)	Change Ratio (B/A)	r^2
Education:				
U.S. Dept. of Education	$21,009.4	$650.0	3.09	$.77
Education function	$36,528.5	$796.6	2.18	$.66
Indian education (in Dept. of Ed.)	$78.5	$-2.3	-2.94	$.63
BIA education	$341.9	$7.9	2.30	$.11
Health:				
U.S. Dept. of Health/Hum. Serv.	$173,968.6	$8,253.5	4.74	$.90
Health function	$48,825.3	$3,830.6	7.85	$.87
Indian Health Service	$1,117.3	$51.1	4.57	$.79
Housing and Economic Development:				
U.S. Dept. of Housing/Urb. Devt.	$21,349.9	$11.6	.05	$.00
Indian housing	$293.9	$-50.6	-17.21	$.86
Economic development function	$7,852.8	$-411.5	-5.24	$.53
Admin. for Native Americans	$33.2	$-.5	-1.57	$.79
BIA economic development	$57.4	$-4.1	-7.11	$.63
Natural Resources:				
U.S. Dept. of the Interior	$5,724.5	$44.1	.77	$.24
Natural resources function	$16,490.2	$201.7	1.22	$.36
BIA natural resources	$142.9	$.4	.31	$.00
Overall:				
BIA Total	$1,266.4	$8.2	.64	$.05
BIA tribal services	$306.4	$3.8	1.22	$.11
Overall Indian budget	$2,789.2	$5.8	.21	$.01
Federal non-defense budget**	$709,100.2	$25,041.8	3.53	$.76

NOTES: * Covers only FY1978-1992.
** Excludes national defense and net interest payments on national debt.

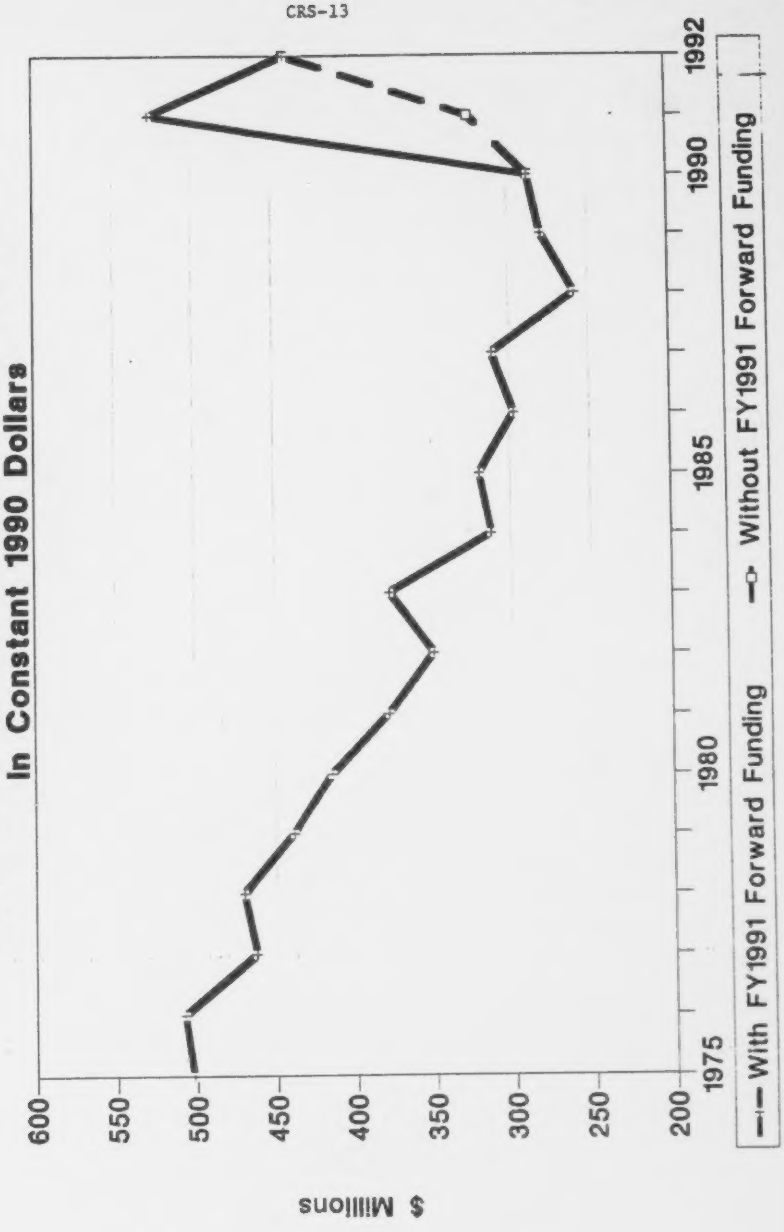
Graph 1
U.S. Education Dept. Budget, FY1975-92

In Constant 1990 Dollars



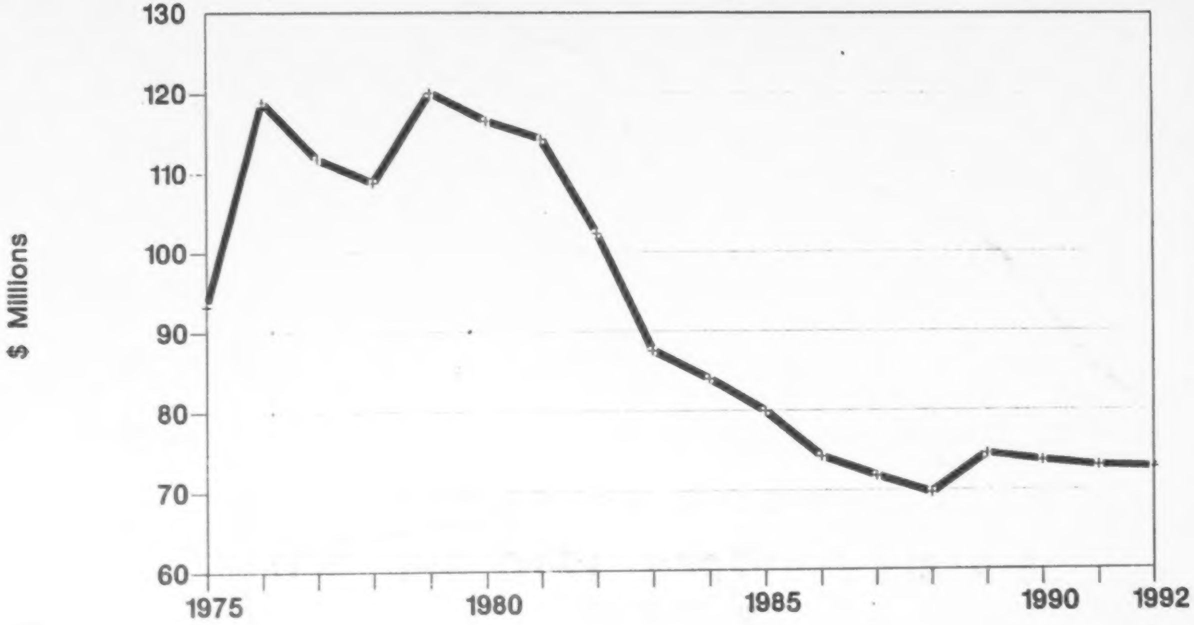
CRS-13

Graph 2
BIA Education Budget, FY1975-92
In Constant 1990 Dollars



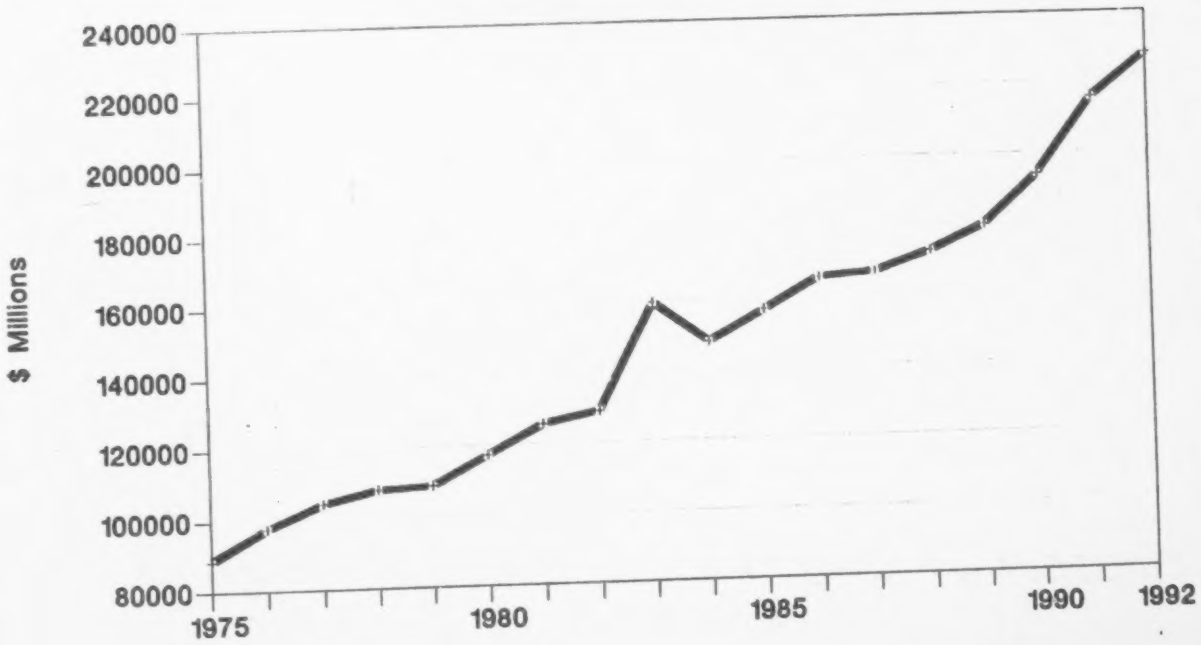
Graph 3
Indian Education In Educ. Dept., FY1975-92

In Constant 1990 Dollars

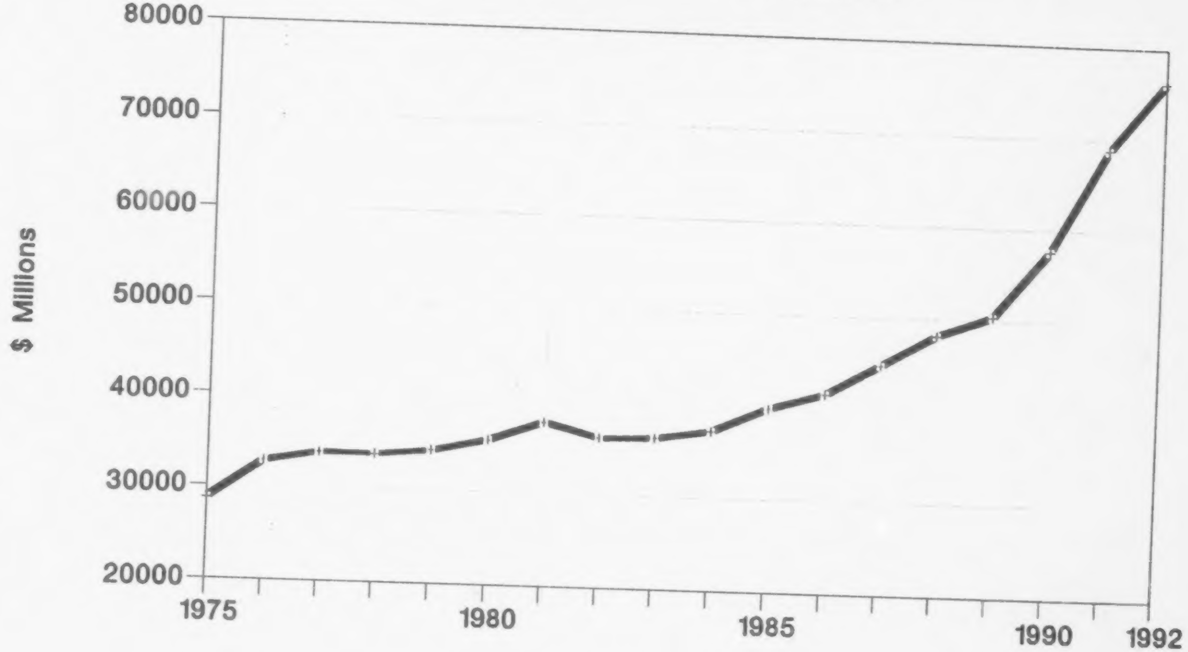


Graph 4
U.S. HHS Dept. Budget, FY1975-92

In Constant 1990 Dollars

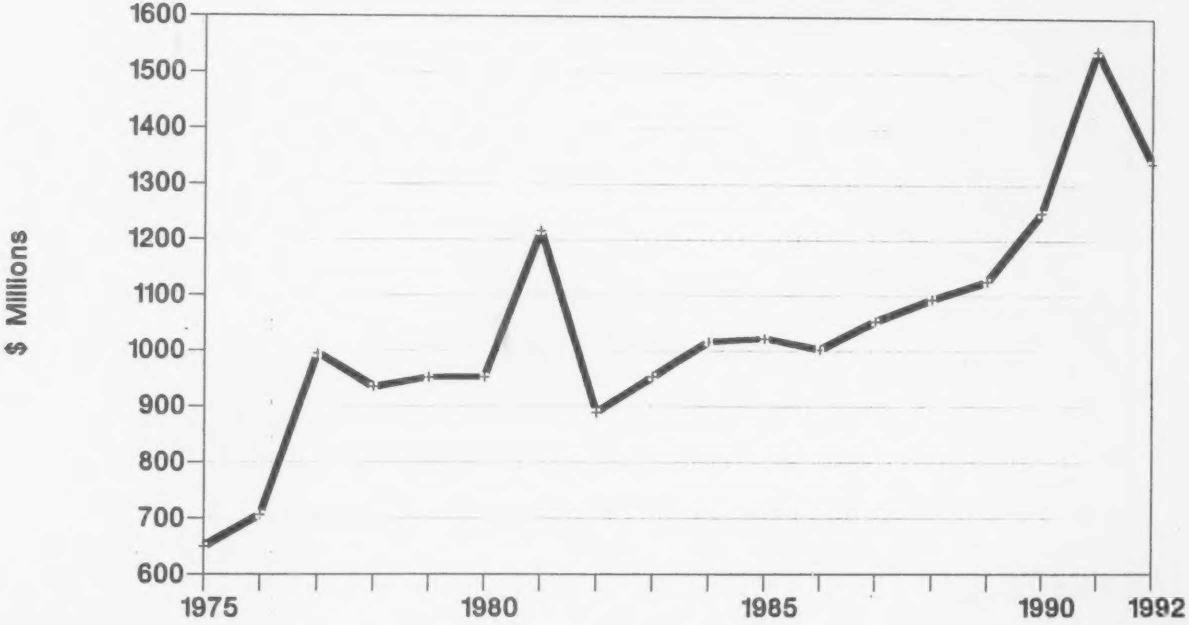


Graph 5
U.S. Health Function Spending, FY1975-92
In Constant 1990 Dollars



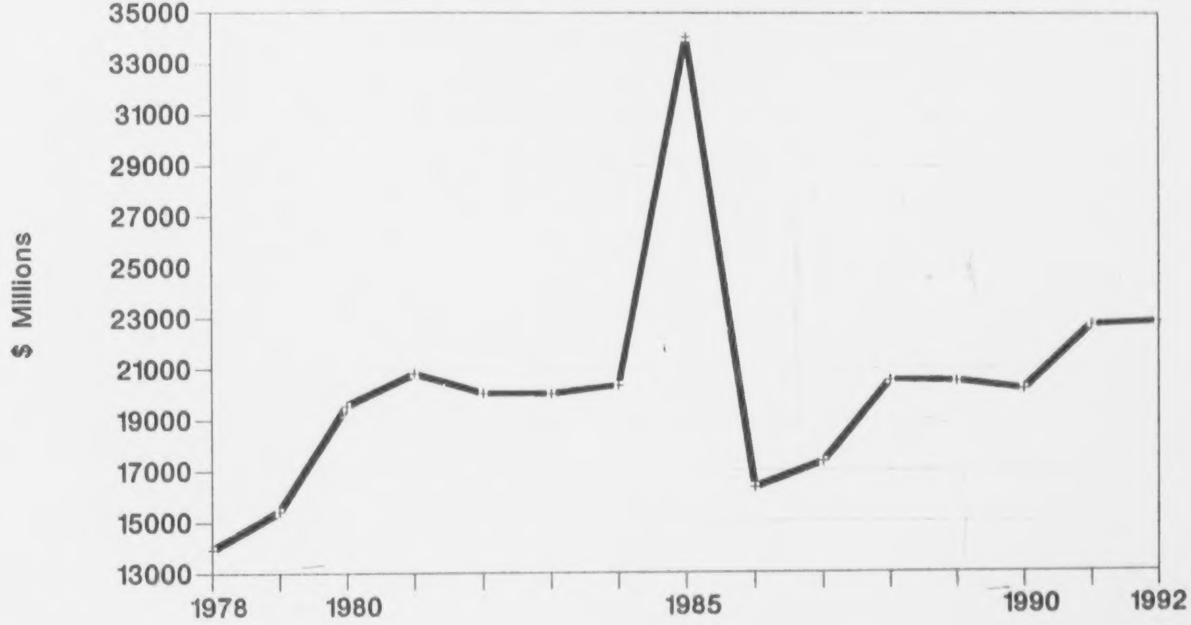
Graph 6
Indian Health Service Budget, FY1975-92

In Constant 1990 Dollars



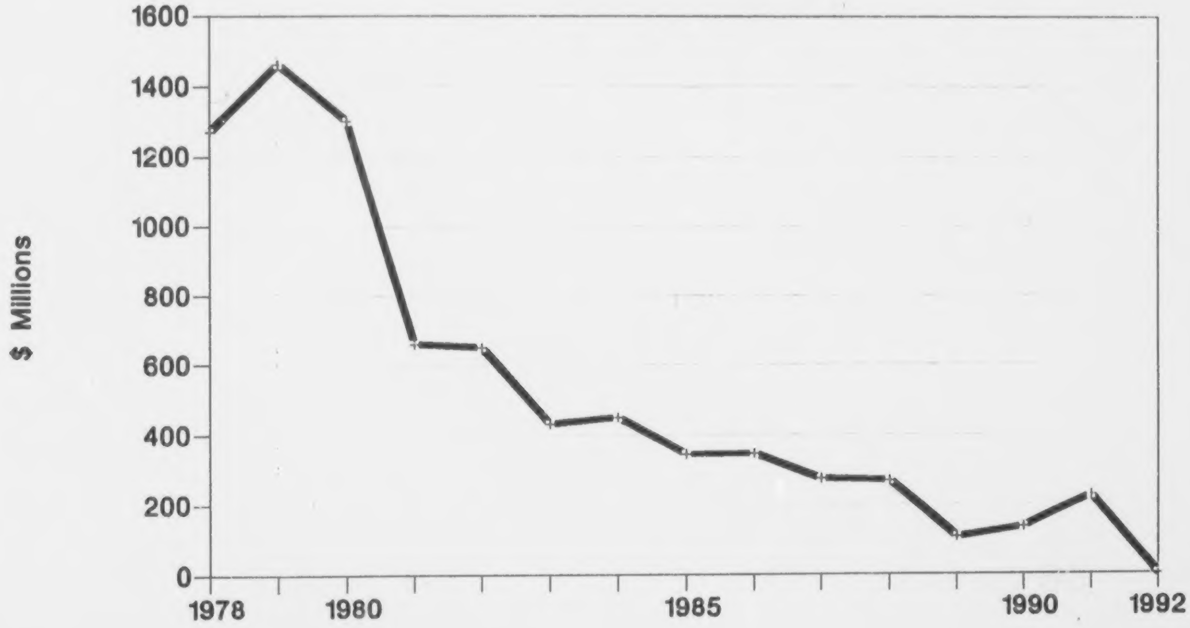
Graph 7
U.S. HUD Dept. Budget, FY1978-92

In Constant 1990 Dollars

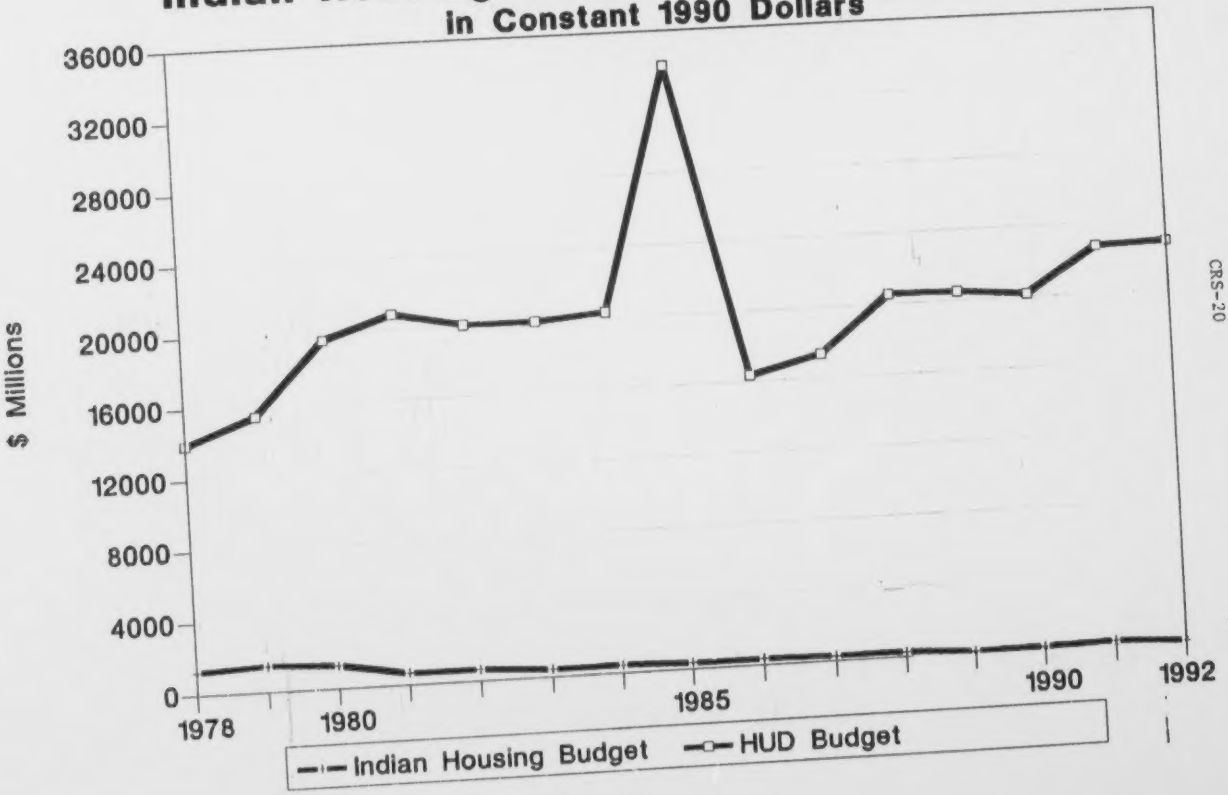


Graph 8
Indian Housing Budget In HUD, FY1978-92

In Constant 1990 Dollars

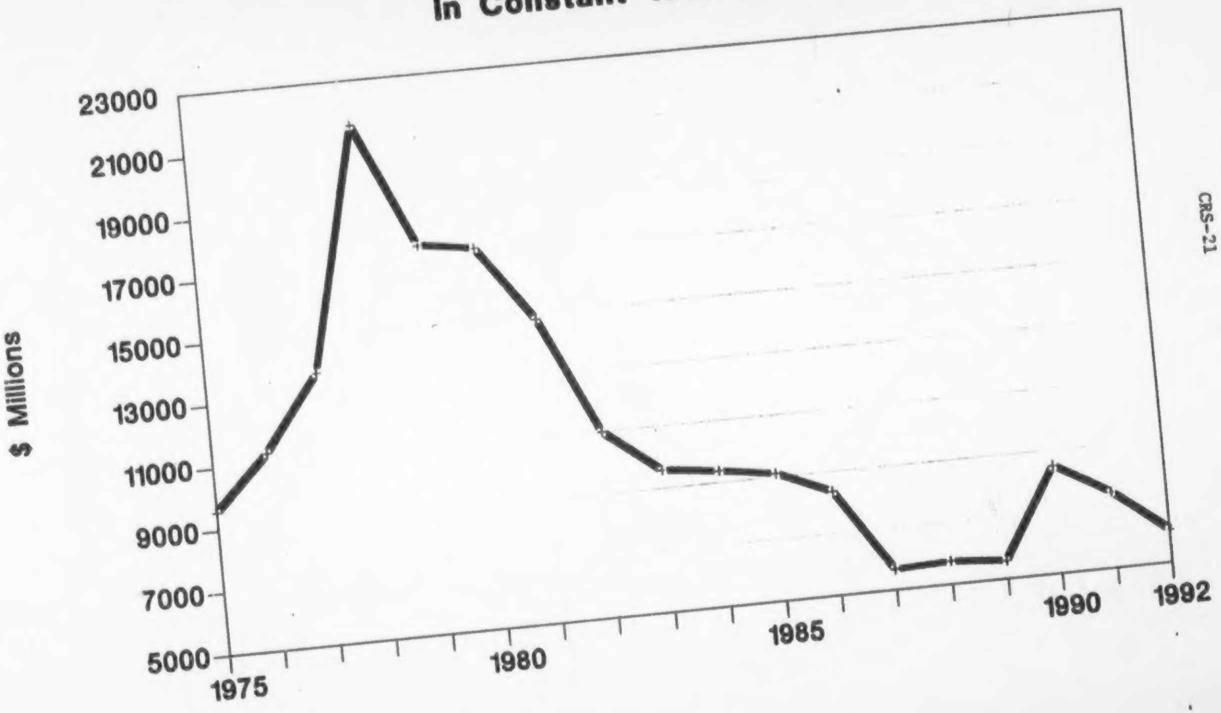


Graph 9
Indian Housing vs. HUD Budget, FY1978-92
In Constant 1990 Dollars



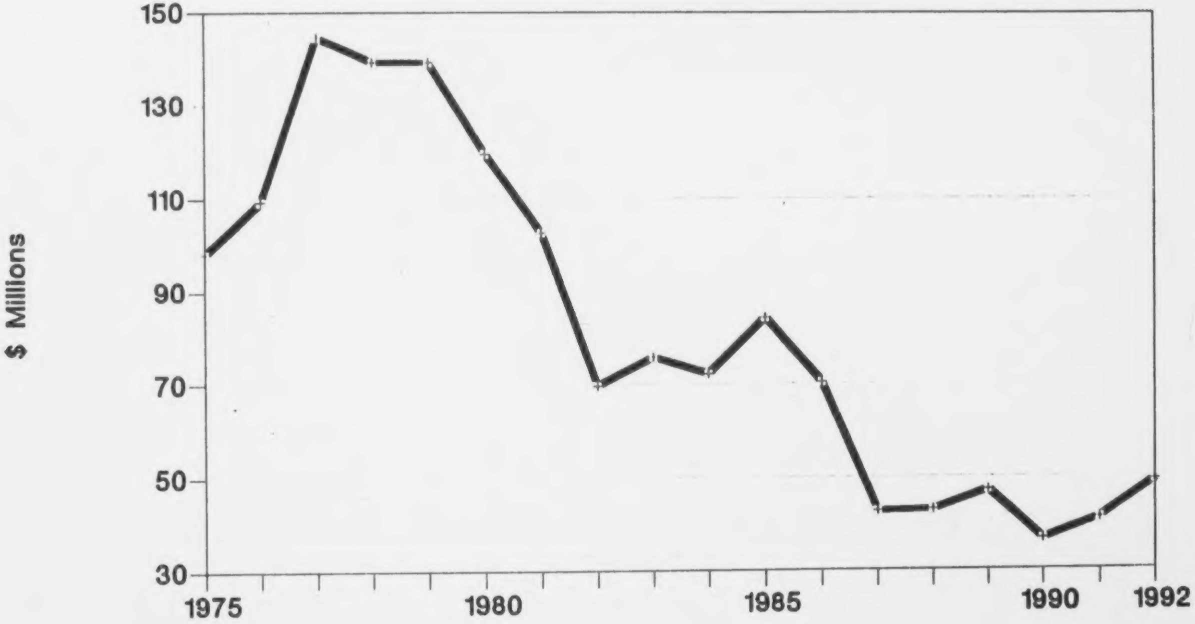
Graph 10
U.S. Economic Devt. Function, FY75-92

In Constant 1990 Dollars



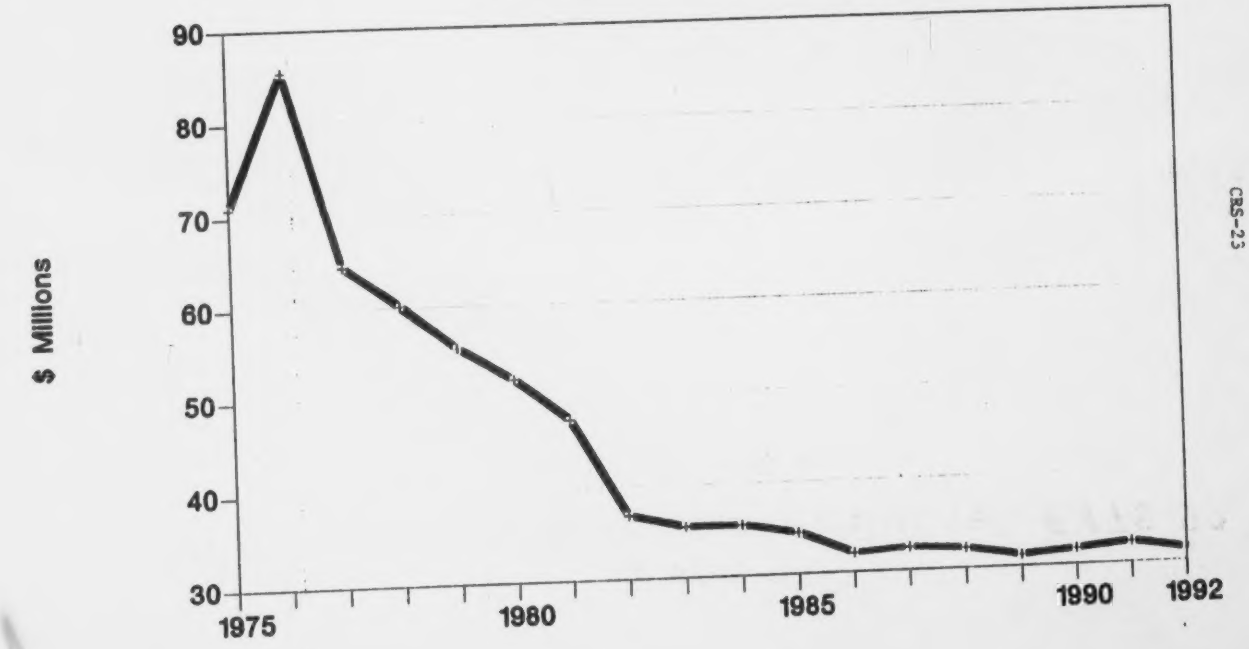
Graph 11
BIA Economic Development Budget, FY75-92

In Constant 1990 Dollars



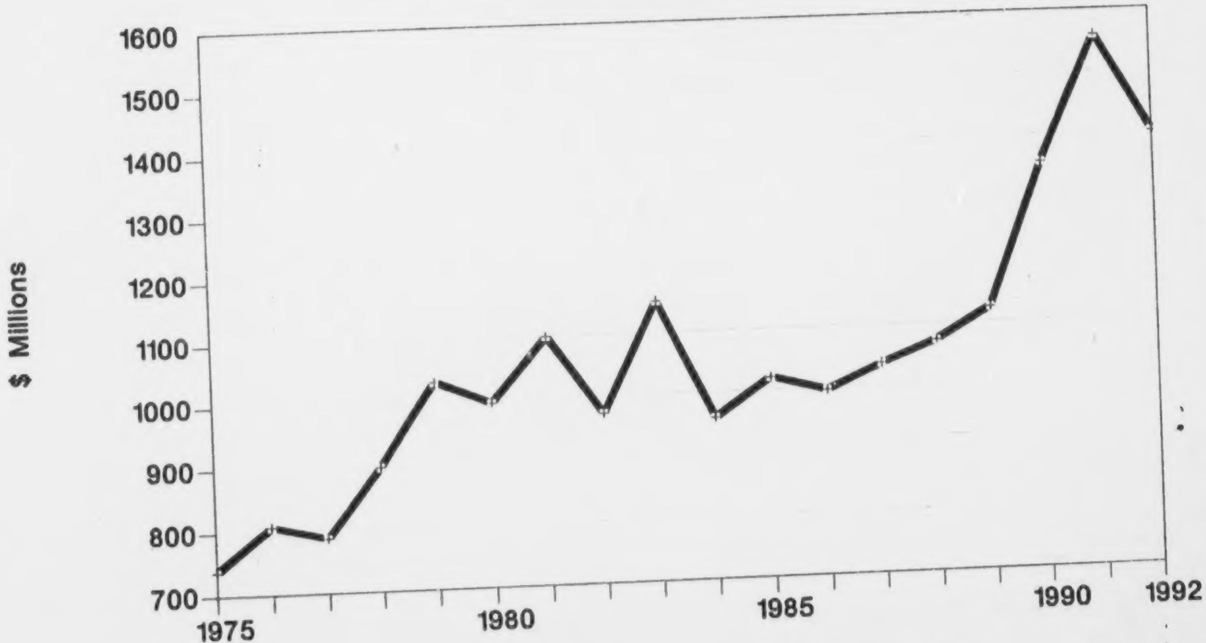
Graph 12
ANA Budget, FY1975-92

In Constant 1990 Dollars



Graph 13
BIA Total Budget, FY1975-92

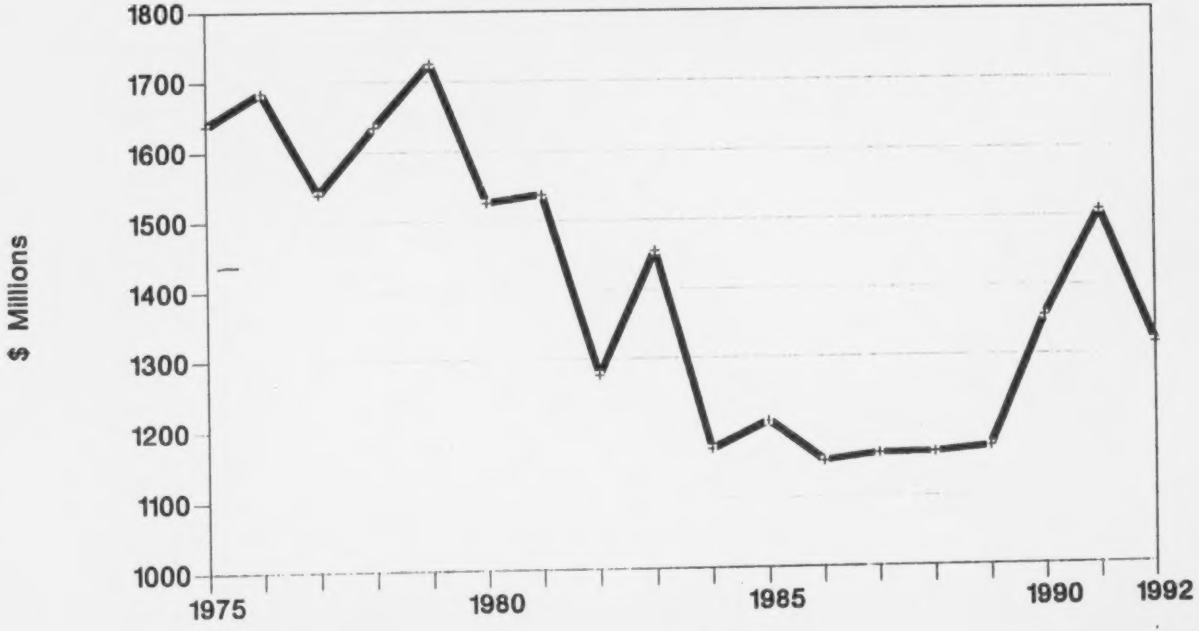
In Current Dollars



FY1991 Includes Forward Funding for BIA Education ($208,900,000).

Graph 14
BIA Total Budget, FY1975-92

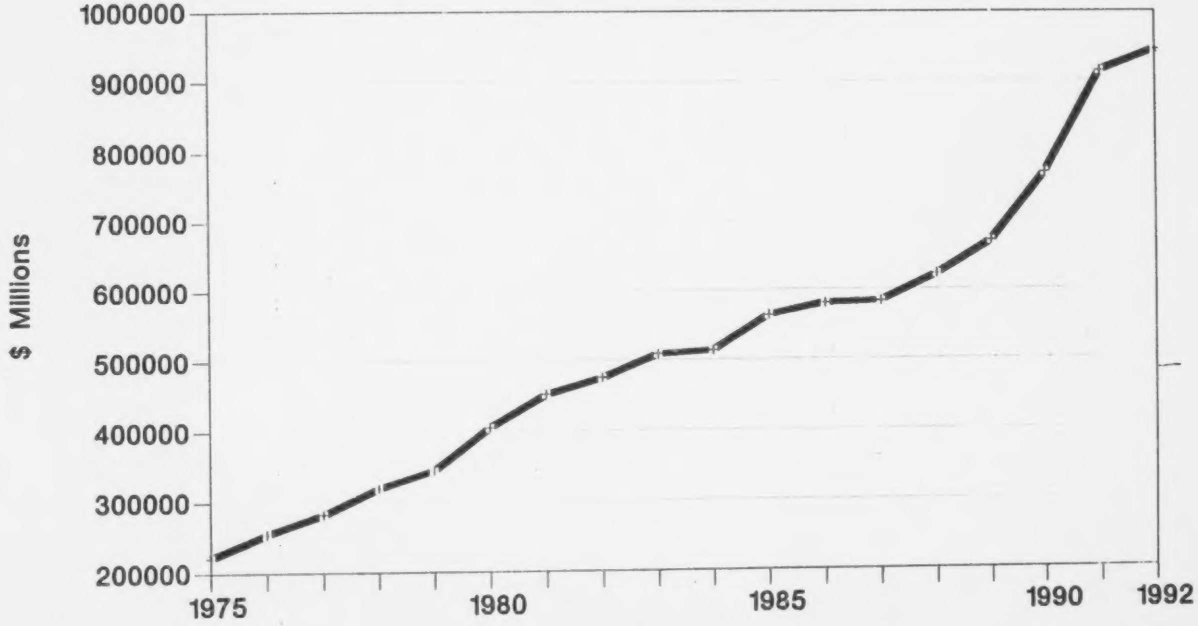
In Constant 1990 Dollars



FY1991 Includes Forward Funding for BIA Education

Graph 15
Overall Federal Govt. Budget*, FY75-92

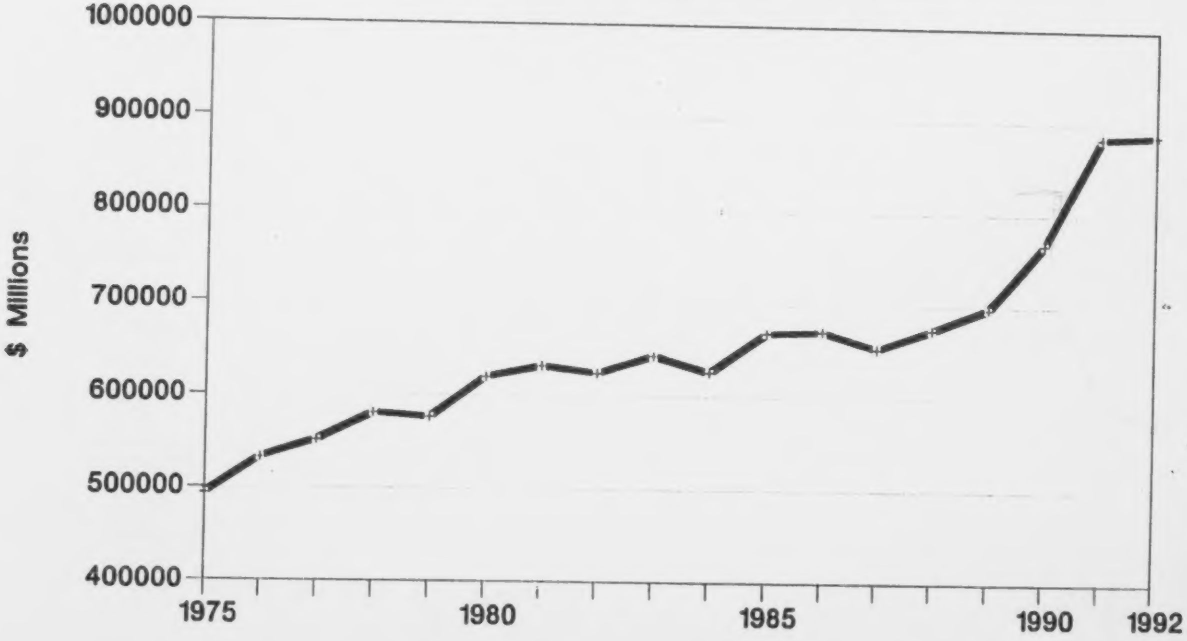
In Current Dollars



* Excluding Defense and Net Interest

Graph 16
Overall Federal Govt. Budget*, FY75-92

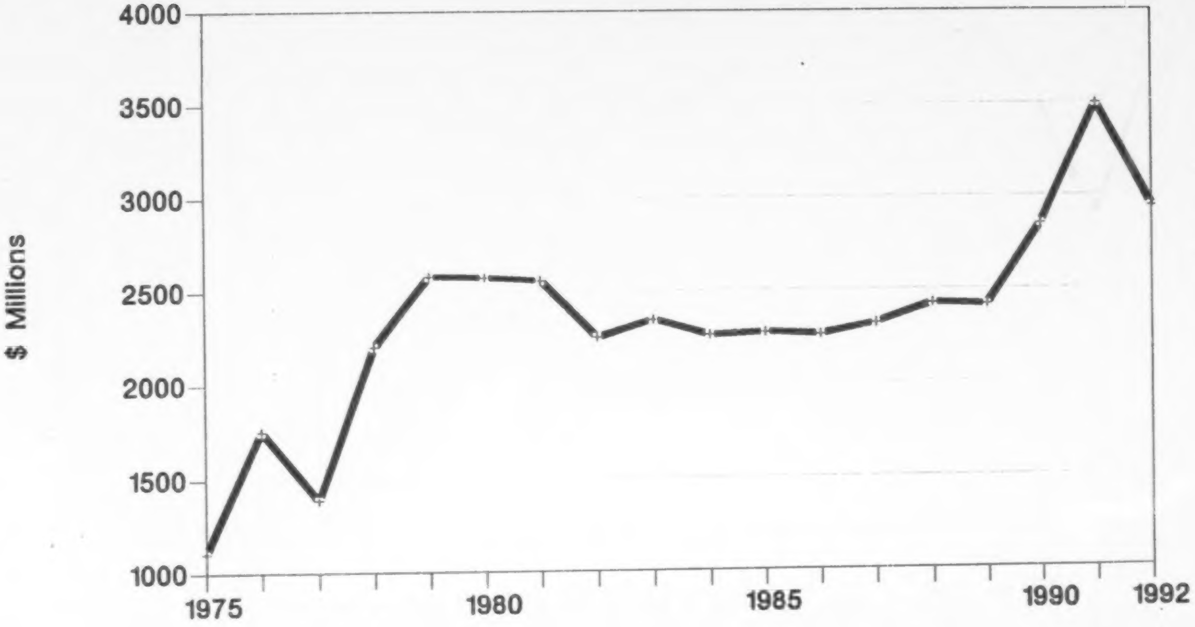
In Constant 1990 Dollars



* Excluding Defense and Net Interest

Graph 17
Overall Indian Budget, FY1975-92

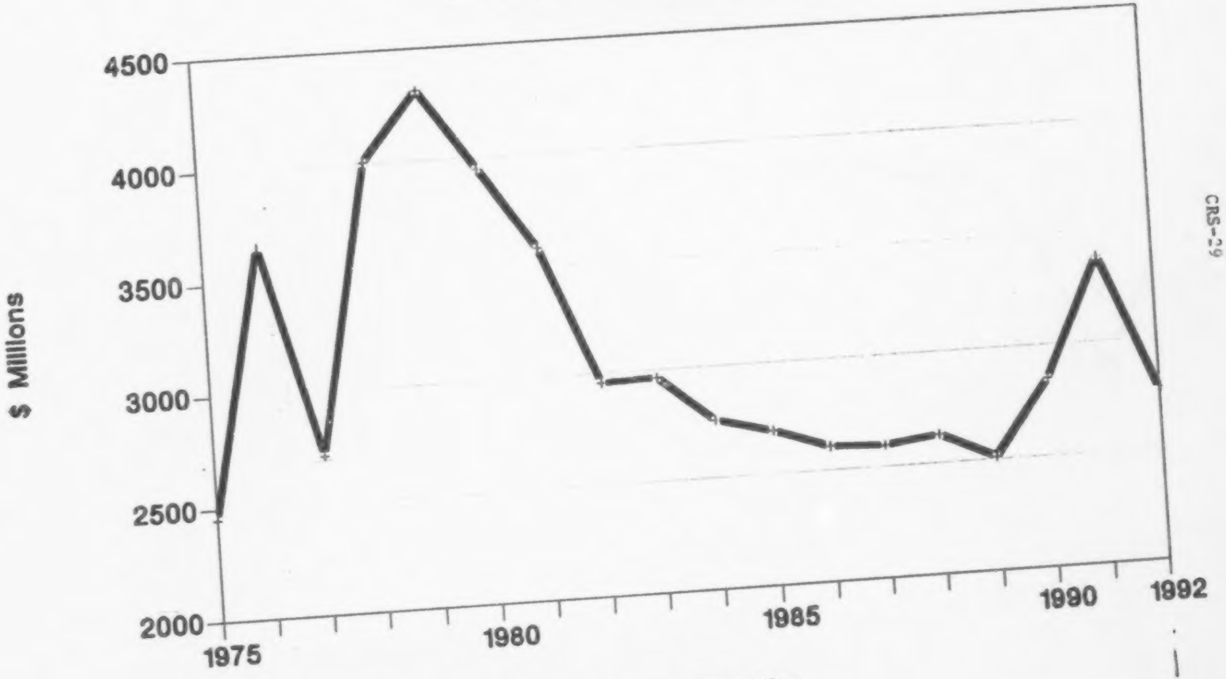
In Current Dollars



FY1991 Includes Forward Funding for BIA Education ($208,900,000).

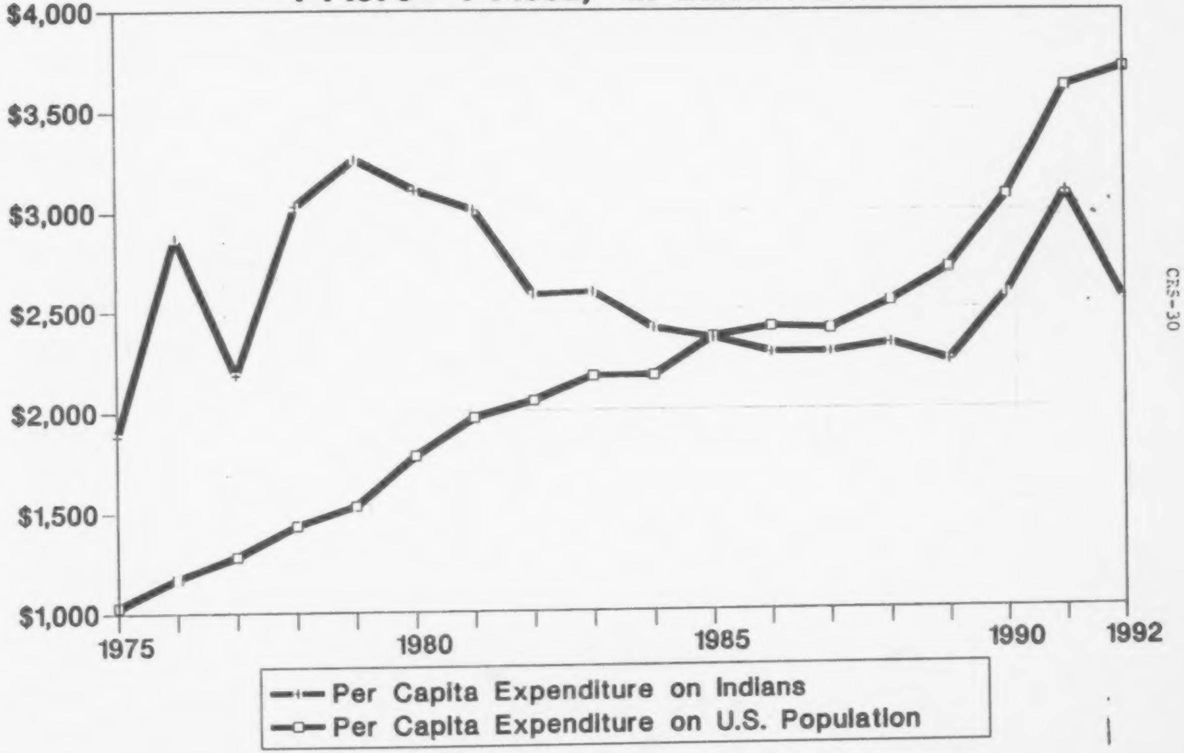
Graph 18
Overall Indian Budget, FY1975-92

In Constant 1990 Dollars

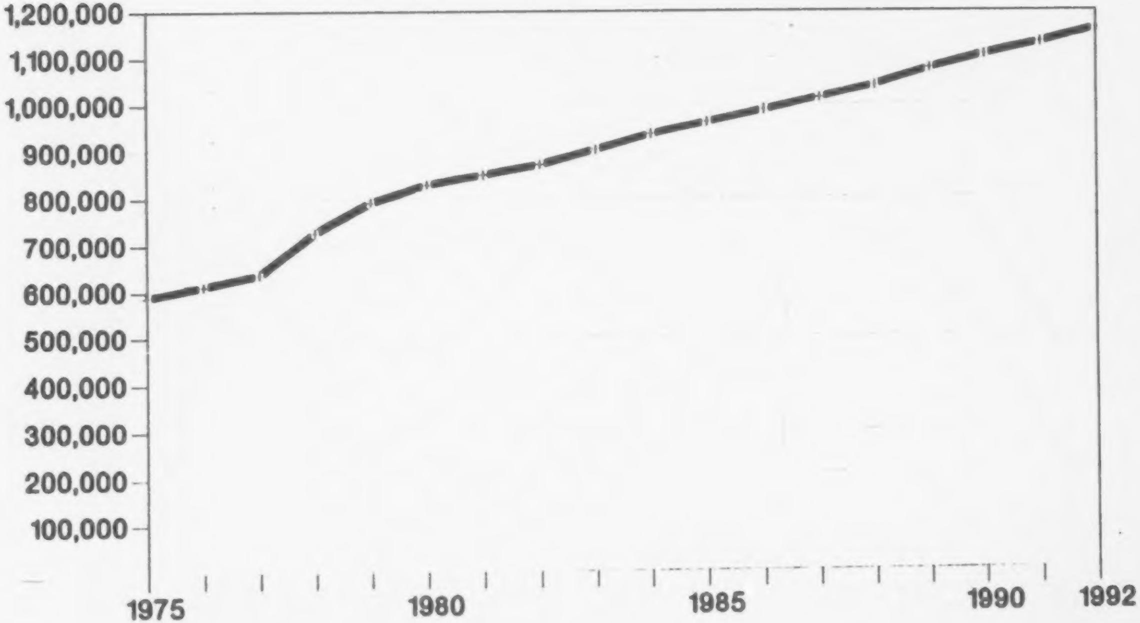


FY1991 Includes Forward Funding for BIA Education.

Graph 19
Per Capita Spending: US Pop. vs. Indian Pop.
FY1975 - FY1992, In Current Dollars .

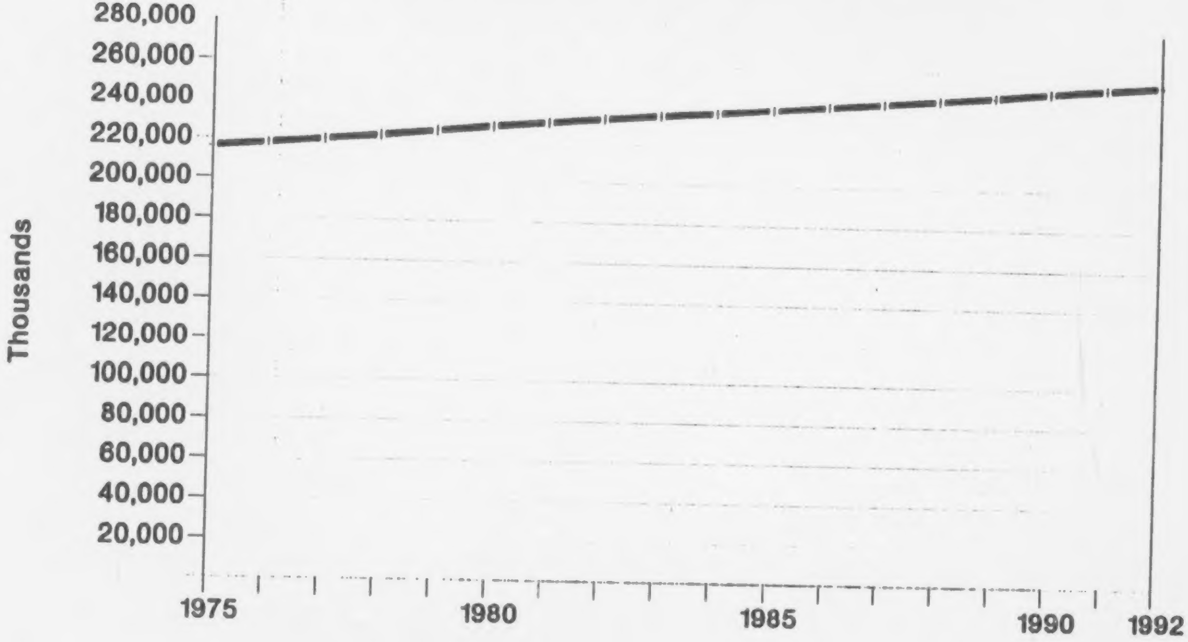


Graph 19A
Indian Population, 1975-92
IHS Estimated Service Population



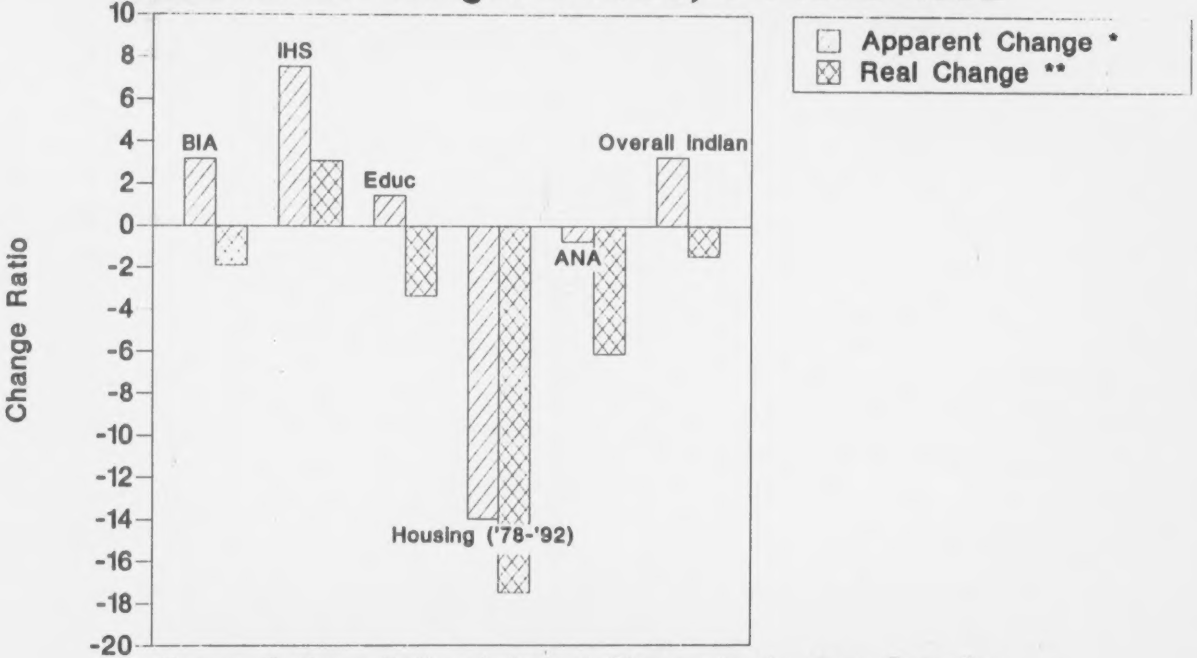
Source: Indian Health Service.

Graph 19B
United States Population, 1975-92
Census Estimates of Total Population



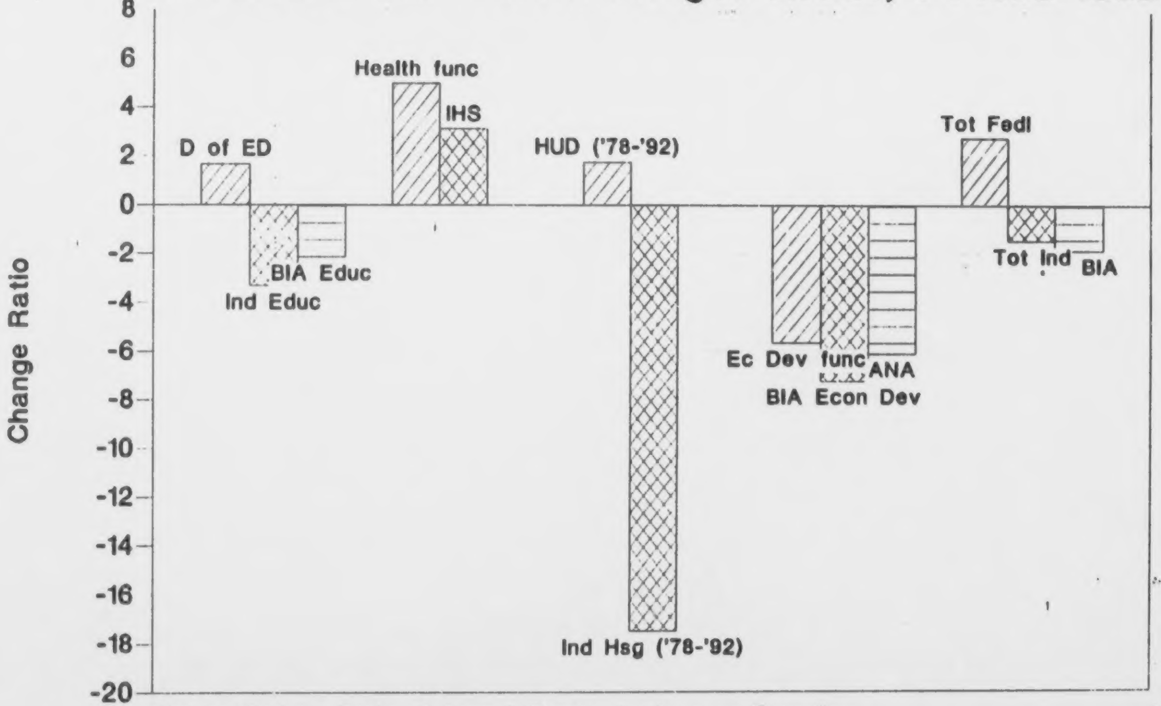
Source: Bureau of the Census.

Graph 20
Apparent Vs. Real Change Ratios In Indian Budget Areas, FY1975-1992



Change Ratio = Ratio of Annual Change to Average Spending.
* Change Ratio based on Current Dollars
** Change Ratio based on Constant 1990 Dollars

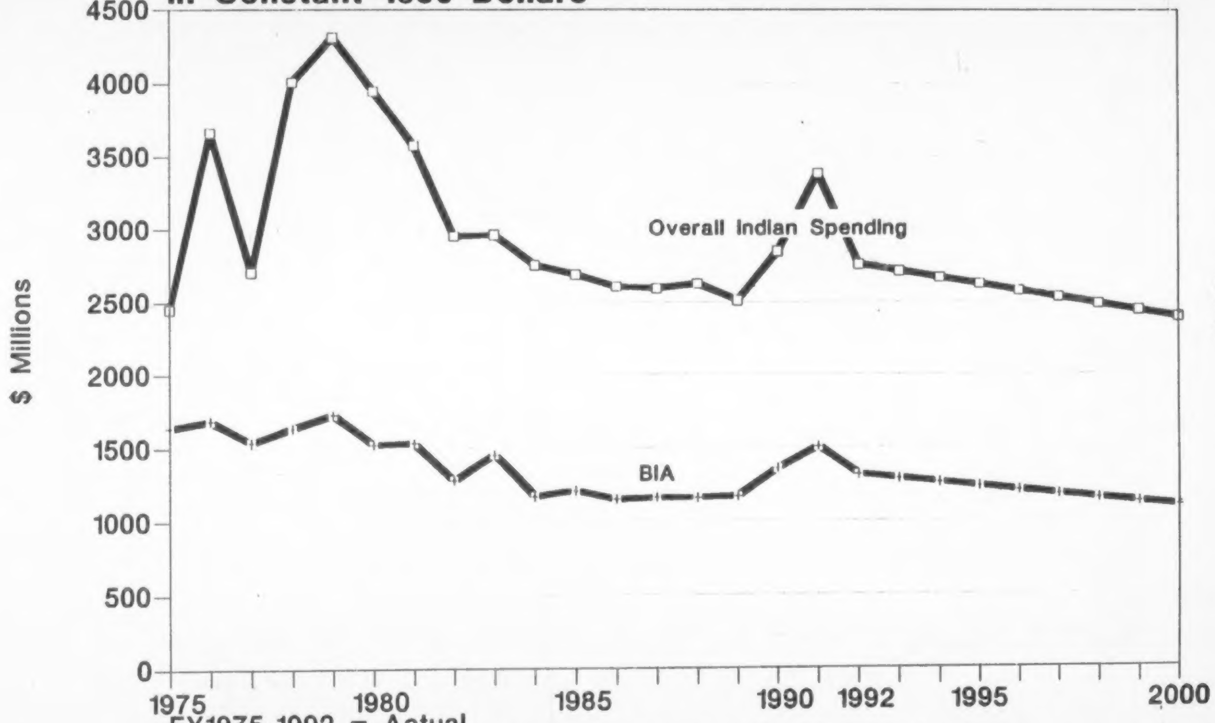
Graph 21
Comparison of Real* Change Ratios In Federal and Indian Budget Areas, FY1975-1992



Change Ratio = Ratio of Annual Change to Average Spending.
* Based on Constant 1990 Dollars.

Graph 22: BIA and Overall Indian Spending, Actual and Projected, FY1975-2000,

in Constant 1990 Dollars



FY1975-1992 = Actual.
FY1993-2000 = Projections based on FY1975-92 annual change.

Appendix Table 1. Budget Data for Selected Elements of the Federal Budget, in Current Dollars, FY1975-1992

[Dollar amounts in thousands, except per-capita figures]

Fiscal Year	Bureau of Indian Affairs (Approps.)	Indian Health Service (Approps.)	Indian Education in Dept. of Educ. (Approps.)	Indian Housing in HUD (B.A. Use)	Admin. for Native Americans (Approps.)	Overall Indian Budget
1975	$738,236	$293,103	$42,034	N/A	$32,000	$1,105,373
1976	$808,095	$338,926	$57,055	$511,200	$41,000	$1,756,276
1977	$787,359	$509,055	$57,212	N/A	$33,000	$1,386,626
1978	$897,740	$513,267	$59,732	$696,900	$33,000	$2,200,639
1979	$1,031,195	$569,153	$71,735	$874,300	$33,100	$2,579,483
1980	$994,227	$620,871	$75,900	$847,900	$33,800	$2,572,698
1981	$1,098,447	$869,762	$81,680	$471,500	$33,800	$2,555,189
1982	$970,360	$676,157	$77,852	$494,300	$28,000	$2,246,669
1983	$1,149,902	$752,916	$69,185	$340,600	$28,000	$2,340,603
1984	$957,593	$832,407	$68,780	$368,100	$29,000	$2,255,880
1985	$1,019,411	$862,203	$67,404	$290,200	$29,000	$2,268,218
1986	$995,693	$867,177	$64,187	$299,500	$27,742	$2,254,299
1987	$1,036,253	$940,750	$64,036	$245,000	$28,989	$2,315,028
1988	$1,071,406	$1,008,818	$64,234	$247,800	$29,679	$2,421,937
1989	$1,122,966	$1,081,993	$71,553	$102,699	$29,975	$2,409,186
1990	$1,355,720	$1,250,133	$73,620	$136,099	$31,709	$2,847,281
1991E	$1,558,541	$1,594,070	$75,365	$233,361	$33,376	$3,494,713
1992P	$1,399,883	$1,427,111	$77,400	$0	$33,376	$2,937,770

Fiscal Year	BIA Education Program (Approps.)	BIA Tribal Services Program* (Approps.)	BIA Economic Devt. Program** (Approps.)	BIA Natural Resources Program (Approps.)	U.S. Dept. of Education (Outlays)	U.S. Dept. of HHS (Outlays)
1975	$226,495	$98,703	$44,223	$31,337	$7,557,000	$39,997,000
1976	$243,590	$137,616	$52,441	$36,012	$8,049,000	$46,834,000
1977	$236,700	$159,118	$73,966	$45,536	$8,887,000	$53,464,000
1978	$258,203	$189,086	$76,422	$76,967	$10,037,000	$59,329,000
1979	$262,242	$205,198	$83,162	$75,338	$12,423,000	$65,038,000
1980	$270,033	$201,128	$77,971	$74,237	$14,770,000	$76,374,000
1981	$270,183	$227,249	$73,365	$85,711	$17,053,000	$89,774,000
1982	$265,606	$235,315	$52,884	$84,743	$14,808,000	$98,020,000
1983	$298,143	$277,865	$59,821	$119,241	$14,558,000	$125,941,000
1984	$255,754	$231,355	$59,009	$99,657	$15,511,000	$121,082,000
1985	$269,644	$219,071	$71,002	$124,101	$16,682,000	$132,104,000
1986	$257,299	$211,588	$60,810	$135,179	$17,673,000	$143,253,000
1987	$277,783	$252,761	$38,025	$144,428	$16,800,000	$148,893,000
1988	$238,434	$317,198	$39,543	$146,010	$18,246,000	$159,071,000
1989	$268,503	$293,150	$45,299	$181,696	$21,608,000	$172,301,000
1990	$287,384	$300,166	$36,496	$125,719	$23,109,000	$193,678,000
1991E	$544,545	$340,310	$42,408	$139,694	$24,839,000	$222,435,000
1992P	$469,614	$384,574	$52,345	$121,581	$27,494,000	$242,543,000

See notes at end of table.

Appendix Table 1. Budget Data for Selected Elements of the Federal Budget, in Current Dollars, FY1975-1992 --- Continued

[Dollar amounts in thousands, except per-capita figures]

Fiscal Year	U.S. Dept. of HUD (Outlays)	U.S. Dept. of Interior (Outlays)	Education Function (Outlays)	Health Function (Outlays)	Economic Development Function (Outlays)	Natural Resources Function (Outlays)
1975	$7,512,000	$2,223,000	$16,022,000	$12,930,000	$4,322,000	$7,346,000
1976	$7,026,000	$2,435,000	$18,910,000	$15,734,000	$5,442,000	$8,184,000
1977	$5,808,000	$3.216,000	$21,104,000	$17,302,000	$7,021,000	$10,032,000
1978	$7,650,000	$3,878,000	$26,710,000	$18,524,000	$11,841,000	$10,983,000
1979	$9,220,000	$4,174,000	$30,223,000	$20,494,000	$10,480,000	$12,135,000
1980	$12,735,000	$4,477,000	$31,843,000	$23,169,000	$11,252,000	$13,858,000
1981	$14,880,000	$4,461,000	$33,709,000	$26,866,000	$10,568,000	$13,568,000
1982	$15,232,000	$3,946,000	$27,029,000	$27,445,000	$8,347,000	$12,998,000
1983	$15,814,000	$4,552,000	$26,606,000	$28,641,000	$7,560,000	$12,672,000
1984	$16,663,000	$4,947,000	$27,579,000	$30,417,000	$7,673,000	$12,593,000
1985	$28,720,000	$4,825,000	$29,342,000	$33,542,000	$7,680,000	$13,357,000
1986	$14,139,000	$4,789,000	$30,585,000	$35,936,000	$7,233,000	$13,639,000
1987	$15,484,000	$5,050,000	$29,724,000	$39,967,000	$5,051,000	$13,363,000
1988	$18,938,000	$5,147,000	$31,938,000	$44,487,000	$5,294,000	$14,606,000
1989	$19,680,000	$5,213,000	$36,684,000	$48,390,000	$5,362,000	$16,182,000
1990	$20,167,000	$5,796,000	$38,497,000	$57,716,000	$8,498,000	$17,067,000
1991E	$23,473,000	$6,386,000	$42,800,000	$71,188,000	$7,710,000	$18,821,000
1992P	$24,297,000	$6,475,000	$45,530,000	$81,260,000	$6,457,000	$19,545,000

Fiscal Year	Total Federal Non-Defense Budget*** (Outlays)	U.S. Total Population	Indian Population (IHS data)	Overall U.S. Per Capita Expenditure	Indian Per Capita Expenditure	Implicit Price Deflator for GNP (1982=100)
1975	$222,579,000	215,973,000	587,468	$1,031	$1,882	59.3
1976	$255,446,000	218,035,000	611,296	$1,172	$2,873	63.1
1977	$282,076,000	220,239,000	635,313	$1,281	$2,183	67.3
1978	$318,793,000	222,585,000	726,551	$1,432	$3,029	72.2
1979	$344,507,000	225,055,000	790,486	$1,531	$3,263	78.6
1980	$404,413,000	227,719,000	828,609	$1,776	$3,105	85.7
1981	$451,962,000	229,945,000	849,315	$1,966	$3,009	94.0
1982	$475,402,000	232,171,000	870,963	$2,048	$2,580	100.0
1983	$508,650,000	234,296,000	902,627	$2,171	$2,593	103.9
1984	$513,310,000	236,343,000	937,043	$2,172	$2,407	107.7
1985	$564,138,000	238,466,000	961,884	$2,366	$2,358	110.9
1986	$580,914,000	240,658,000	986,881	$2,414	$2,284	113.8
1987	$583,261,000	242,820,000	1,012,872	$2,402	$2,286	117.4
1988	$621,935,000	245,051,000	1,039,841	$2,538	$2,329	121.3
1989	$669,947,000	247,350,000	1,076,417	$2,708	$2,238	126.3
1990	$768,151,000	249,975,000	1,105,486	$3,073	$2,576	131.5
1991E	$913,615,000	252,502,000	1,131,013	$3,618	$3,090	135.9
1992P	$944,314,000	254,521,000	1,161,000	$3,710	$2,530	140.0

See notes, on next page.

Appendix Table 1.--Budget Data for Selected Elements of the Federal Budget, in Current Dollars, FY1975-1992 --- Continued

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NOTES:
* Includes Tribal Services and Navajo-Hopi Settlement programs.
** Includes Road Maintenance program.
*** Excludes national defense and net interest payments on national debt.
N/A Not available.
E Estimates
P Proposed amounts and projections

SOURCES: See text.

Appendix Table 2. Budget Data for Selected Elements of the Federal Budget, in Constant 1990 Dollars, FY1975-1992

[Dollar amounts in thousands, except per-capita figures]

Fiscal Year	Bureau of Indian Affairs (Approps.)	Indian Health Service (Approps.)	Indian Education in Dept. of Educ. (Approps.)	Indian Housing in HUD (B.A. Use)	Admin. for Native Americans (Approps.)	Overall Indian Budget
1975	$1.637,066	$649,967	$93,212	N/A	$70,961	$2,451,207
1976	$1.684,065	$706,320	$118,902	$1,065,338	$85,444	$3,660,068
1977	$1.538,450	$994,662	$111,789	N/A	$64,480	$2,709,381
1978	$1.635,080	$934,828	$108,792	$1,269,285	$60,104	$4,008,089
1979	$1.725,218	$952,209	$120,015	$1,462,728	$55,377	$4,315,547
1980	$1.525,564	$952,678	$116,463	$1,301,037	$51,863	$3,947,605
1981	$1.536,657	$1,216,742	$114,265	$659,598	$47,284	$3,574,546
1982	$1.276,023	$889,146	$102,375	$650,005	$36,820	$2,954,370
1983	$1.455,362	$952,921	$87,563	$431,077	$35,438	$2,962,361
1984	$1.169,206	$1,016,356	$83,979	$449,444	$35,409	$2,754,394
1985	$1.208,770	$1,022,360	$79,924	$344,106	$34,387	$2,689,546
1986	$1.150,559	$1,002,054	$74,170	$346,083	$32,057	$2,604,924
1987	$1.160,709	$1,053,736	$71,727	$274,425	$32,471	$2,593,068
1988	$1.161,499	$1,093,649	$69,635	$268,637	$32,175	$2,625,595
1989	$1.169,201	$1,126,541	$74,499	$106,927	$31,209	$2,508,377
1990	$1.355,720	$1,250,133	$73,620	$136,099	$31,709	$2,847,281
1991E	$1.508,081	$1,542,459	$72,925	$225,806	$32,295	$3,381,566
1992P	$1.314,890	$1,340,465	$72,701	$0	$31,350	$2,759,405

Fiscal Year	BIA Education Program (Approps.)	BIA Tribal Services Program* (Approps.)	BIA Economic Devt. Program** (Approps.)	BIA Natural Resources Program (Approps.)	U.S. Dept. of Education (Outlays)	U.S. Dept. of HHS (Outlays)
1975	$502,261	$218,878	$98,066	$69,491	$16,757,934	$88,694,865
1976	$507,640	$286,791	$109,287	$75,049	$16,774,065	$97,601,759
1977	$462,497	$310,907	$144,525	$88,975	$17,364,643	$104,465,319
1978	$470,273	$344,388	$139,190	$140,182	$18,280,686	$108,057,666
1979	$438,738	$343,302	$139,132	$126,043	$20,784,027	$108,810,394
1980	$414,345	$308,615	$119,640	$113,911	$22,663,419	$117.189,977
1981	$377,969	$317,907	$102,633	$119,904	$23,856,059	$125.588,096
1982	$349,272	$309,439	$69,542	$111,437	$19,472,520	$128.896,300
1983	$377,342	$351,677	$75,712	$150,916	$18,425,188	$159.395,972
1984	$312,272	$282,481	$72,049	$121,680	$18,938,686	$147.839,211
1985	$319,731	$259,764	$84,191	$147,153	$19,780,730	$156.642,705
1986	$297,318	$244,498	$70,268	$156,204	$20,421,788	$165.534.003
1987	$311,145	$283,118	$42,592	$161,774	$18,817,717	$166.775,379
1988	$258,484	$343,871	$42,868	$158,288	$19,780,289	$172.447,127
1989	$279,558	$305,220	$47,164	$189,177	$22,497,641	$179.394,945
1990	$287,384	$300,166	$36,496	$125,719	$23,109,000	$193.678,000
1991E	$526,914	$329,292	$41,035	$135,171	$24,034,794	$215.233,278
1992P	$441,102	$361,225	$49,167	$114,199	$25,824,721	$227.817,175

See notes at end of table.

Appendix Table 2. Budget Data for Selected Elements of the Federal Budget, in Constant 1990 Dollars, FY1975-1992 --- Continued

[Dollar amounts in thousands, except per-capita figures]

Fiscal Year	U.S. Dept. of HUD (Outlays)	U.S. Dept. of Interior (Outlays)	Education Function (Outlays)	Health Function (Outlays)	Economic Development Function (Outlays)	Natural Resources Function (Outlays)
1975	$16,658,145	$4,929,587	$35,529,393	$28,672,766	$9,584,199	$16,290,034
1976	$14,642,139	$5,074,525	$39,408,320	$32,789,556	$11,341,094	$17,055,404
1977	$11,348,470	$6,283,863	$41.235,899	$33,807,028	$13,718,596	$19,601,902
1978	$13,933,172	$7,063,116	$48,647,715	$33,738,310	$21,566,364	$20,003,663
1979	$15,425,318	$6,983,219	$50,563,925	$34,287,036	$17,533,333	$20,302,195
1980	$19,540,869	$6,869,609	$48,860,613	$35,551,033	$17,265,321	$21,264,026
1981	$20,816,170	$6,240,654	$47,156,739	$37,583,819	$14,783,957	$18,980,766
1982	$20,030,080	$5,191,620	$35,543,135	$36,090,175	$10,976,305	$17,092,370
1983	$20,014,832	$5,761,193	$33,673,619	$36,249,196	$9,568,239	$16,038,191
1984	$20,345,260	$6,040,209	$33,673,524	$37,138,677	$9,368,612	$15,375,854
1985	$34,054,824	$5,721,258	$34,792,362	$39,772,525	$9,106,583	$15,838,102
1986	$16,338,124	$5,533,862	$35,342,069	$41,525,343	$8,357,992	$15,760,356
1987	$17,343,663	$5,656,516	$33,293,918	$44,767,125	$5,657,636	$14,967,926
1988	$20,530,478	$5,579,806	$34,623,636	$48,227,869	$5,739,167	$15,834,204
1989	$20,490,261	$5,427,629	$38,194,347	$50,382,304	$5,582,763	$16,848,242
1990	$20,167,000	$5,796,000	$38,497,000	$57,716,000	$8,498,000	$17,067,000
1991E	$22,713,021	$6,179,242	$41,414,275	$68,883,164	$7,460,375	$18,211,637
1992P	$22,821,825	$6,081,875	$42,765,679	$76,326,357	$6,064,968	$18,358,339

Fiscal Year	Total Federal Non-Defense Budget*** (Outlays)	Overall U.S. Per Capita Expenditure	Indian Per Capita Expenditure
1975	$493,577,378	$1,738	$3,173
1976	$532,347,845	$1,857	$4,553
1977	$551,158,900	$1,903	$3,243
1978	$580,627,140	$1,984	$4,195
1979	$576,369,854	$1,948	$4,152
1980	$620,540,368	$2,072	$3,623
1981	$632,265,989	$2,091	$3,201
1982	$625,153,630	$2,048	$2,580
1983	$643,767,806	$2,089	$2,496
1984	$626,743,408	$2,017	$2,235
1985	$668,928,287	$2,133	$2,126
1986	$671,267,056	$2,121	$2,007
1987	$653,311,938	$2,046	$1,947
1988	$674,232,914	$2,092	$1,920
1989	$697,529,933	$2,141	$1,772
1990	$768,151,000	$2,337	$1,959
1991E	$884,035,118	$2,662	$2,274
1992P	$886,980,650	$2,650	$1,807

NOTES:		
	*	Includes Tribal Services and Navajo-Hopi Settlement programs.
	**	Includes Road Maintenance program.
	***	Excludes national defense and net interest payments on national debt.
	N/A	Not available.
	E	Estimates
	P	Proposed amounts and projections.

SOURCES: See text.

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United States Senate
SELECT COMMITTEE ON INTELLIGENCE
WASHINGTON, DC 20510-6475

March 11, 1991

SSCI #91-1291

The Honorable Jim Sasser
Chairman
The Honorable Pete V. Domenici
Ranking Member
Committee on the Budget
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman and Senator Domenici:

The attached report is submitted pursuant to the requirements set forth in your letter of February 15, 1991 with respect to our "views and estimates" for your consideration as you prepare the budget resolution.

This report represents the Select Committee's estimate of the resource requirements for the Intelligence Community Staff and the Central Intelligence Agency Retirement and Disability System over the fiscal year 1992-1996 period.

The Select Committee is in the process of reviewing the FY 1992 budget request for these National Intelligence Activities. If, after thorough review, these recommendations should change substantially, we will so inform your Committee.

Sincerely,

David L. Boren
Chairman

Frank Murkowski
Vice Chairman

UNCLASSIFIED

SELECT COMMITTEE ON INTELLIGENCE
REPORT ON
NATIONAL INTELLIGENCE ACTIVITIES
FY1992-1996

MARCH 1991

UNCLASSIFIED

SELECT COMMITTEE ON INTELLIGENCE
INTELLIGENCE BUDGET DATA

The Senate Select Committee on Intelligence estimates the following funding levels for National Intelligence Activities for fiscal years 1992-1996:

	(IN MILLIONS) 1992	1993	1994	1995	1996
NATIONAL INTELLIGENCE ACTIVITIES *	-	-	-	-	-
INTELLIGENCE COMMUNITY STAFF	30.7	31.9	33.2	34.4	35.7
CIA RETIREMENT AND DISABILITY SYSTEM	164.1	168.9	180.2	192.4	204.5

* Amounts for most national intelligence activities are classified and are incorporated into the budgets of other executive departments and agencies.

The National Foreign Intelligence Program (NFIP) encompasses those activities of the United States Government that are primarily concerned with providing intelligence support to national level policymaking needs. Most of the budget for national intelligence activities is classified and incorporated into the budgets of other executive departments and agencies (e.g. Department of Defense, Department of State, etc.). The budget for two NFIP activities - Intelligence Community Staff, and the CIA Retirement and Disability System - are unclassified and addressed in this report.

The Intelligence Community Staff (IC Staff) provides the Director of Central Intelligence (DCI) with staff assistance to carry out his intelligence community responsibilities. Specifically, IC Staff provides support to the DCI in the following areas: development, review and submission of the National Foreign Intelligence Program budget; evaluation of the performance of foreign intelligence activities; development of issues, goals and other required guidance for the Intelligence Community; and tasking of intelligence community activities for collection in support of established intelligence requirements.

The Central Intelligence Agency Retirement and Disability System (CIARDS), established by the Central Intelligence Agency Retirement Act of 1964 for Certain Employees (PL 88-643), provides retirement and disability benefits for a limited number of CIA employees. Under certain stipulated conditions a participant may retire with the consent of the DCI, or at his direction be retired at age 50 with 20 years service, or a participant with 25 years of service may be retired by the Director, regardless of age.

Although not addressed in this report, the Committee is also reviewing the classified budget requests of other intelligence programs. As you are well aware, the FY 1992 budget review will be a continuation of the evaluation which began last year in response to the enormous changes taking place around the world, particularly in Eastern Europe and in the Soviet Union. Of course, in addition to this, the FY 1992 budget will have to be looked at against the backdrop of OPERATION DESERT SHIELD/STORM. Moreover, the Committee has embarked upon an ambitious review of the organizational structure of U.S. intelligence to determine if it is suitable in light of the changing foreign military, economic and political climate. This effort could lead to potentially significant adjustments in resources over the longer term.

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United States Senate
SPECIAL COMMITTEE ON AGING
WASHINGTON, DC 20510-6400

March 11, 1991

The Honorable Jim Sasser
Chairman
The Honorable Pete D. Domenici
Ranking Member
Committee on the Budget
United States Senate
Washington, D.C. 20510

Dear Jim and Pete:

We are writing to respond to your request for comments with regard to fiscal year 1992 budget priorities. We appreciate the opportunity to contribute to your Committee's development of the budget resolution.

Enclosed you will find copies of an Aging Committee staff analysis of President Bush's budget proposal as it pertains to programs serving older Americans. A number of these proposals are particularly troubling to us, and we would like to take this opportunity to urge the Budget Committee to take note of our concerns.

The President's FY 1992 budget proposal includes a reduction of $2.1 billion in Part A of the Medicare program and a reduction of $2 billion in Medicare Part B. In the wake of the $43 billion in Medicare cuts contained in last year's five-year budget agreement, we find the Administration's proposed Medicare cut of $4.1 billion to be unacceptable. Though Medicare is a major component of Federal spending, it cannot continue to absorb huge cuts without limiting access to essential, high quality care.

The Part A savings of $2.1 billion is in addition to the savings of $13.7 billion in payment changes (primarily on the back of hospitals) that was agreed to by Congress under the five-year budget agreement. The Part B savings of $2 billion is in addition to last year's five-year reduction of $14.2 billion. When the agreement was reached this past fall, it was with the understanding that no additional major cuts would be made to hospitals and other providers under the Medicare program. We strongly believe it would be both unwise and unfair to submit these providers, once again, to significant reductions in their Medicare payments.

In addition to provider cuts, the President proposes that Medicare beneficiaries be targeted for increased premiums and additional coinsurance. The President has proposed that higher income individuals pay a much greater share of the cost of Part B coverage, and that all beneficiaries pay a laboratory coinsurance. In these times of overwhelming budget contraints and growing health care demands, we are not in a position to reject every beneficiary cost-sharing proposal. However, we believe that any such proposals should be closely evaluated to determine their impact on beneficiaries in terms of out-of-pocket expenditures and the elderly's and their children's support of the program.

We would also like to point out that the Administration's budget for Medicare program contractors is a classic example of being penny wise and pound foolish. This proposal to cut funding for communications with program beneficiaries by 57 percent would drastically narrow beneficiary access to Medicare, blocking inquiries on the status of claims, program coverage, and other important matters. As beneficiaries are the primary source for identifying provider fraud and abuse, this cut would cost the program far more than would be saved. Likewise, the proposal to reduce funding for resolution of beneficiary and provider appeals by 63 percent would result in two out of every three appeals to be neglected, an impact that is unjust and financially harmful to claimants.

Of similar concern is the Administration's proposal to require Medicare/Medicaid-certified health care providers to pay for the costs of their annual surveys and certifications. According to the Administration, these so-called "user-fees" would generate about $265 million in FY 1992. We believe this proposal sets a dangerous precedent of decreased Federal involvement in quality assurance and oversight of providers, which is particularly troubling at a time when extensive nursing home reforms are being put into place. We are also concerned that it would create an incentive for providers to shift the costs of the user fees to private pay patients, thereby further increasing the out-of-pocket costs the elderly must already bear for their health care.

A recent development which has profound implications for federal health program expenditures is drug manufacturer price increases to private citizens as well as federal government health care programs. Left unchecked, these price increases will substantially increase federal outlays for pharmaceutical products in 1991 and beyond. Hardest hit will be the programs of the Departments of Defense and Veterans' Affairs, which purchase over $700 million in drugs each year. Preliminary estimates are that these price increases could cost the DVA up to $150 million this year in additional drug outlays, effectively negating the federal savings that were expected under the new Medicaid drug rebate law enacted this past year. These first-year Medicaid savings were projected to be about $70 million.

Strong evidence suggests that drug manufacturers are increasing their low prices to the DVA and DOD to circumvent the new Medicaid law's provisions. These provisions require the drug makers to give Medicaid some of the same low prices they give to the DVA. We are concerned about these recent unintended developments, and want to work with you, the Finance Committee and the Veterans' Affairs Committee to insure that savings from Federally-funded prescription drug programs are fully realized and cost shifting is obviated.

As we look to ways to contain health care costs, we must not lose sight of the tremendous cost-effectiveness of investing in biomedical research. Along these lines, we would like to reiterate our support for freeing up as many resources as possible, up to the $1 billion amount included in the Pepper Commission's recommendations, for investment into aging research.

The President's budget proposes $25 million in new Medicaid spending, primarily for expansion of medically-needy eligibility for pregnant women and children. While we applaud this effort, we are concerned about its adequacy. The Medicaid program falls far short of providing health care to our nation's poor and disabled, and the Congress and the Administration need to closely examine ways to strengthen the program while not overburdening the states.

Although we are writing in our capacity as Aging Committee members, we would like to point out our concern about the lack of any policy or budget proposals that begin to address the Nation's over 31 million persons under the age of 65 who are without insurance. To the extent possible, we would urge you to support efforts that take steps to address this issue.

We are concerned that the President's budget does not provide adequate resources to meet the administrative needs of the Social Security Administration (SSA). To properly exercise its responsibilities, SSA requires a larger administrative budget than the President proposes. We have learned that SSA's processing times for certain steps in the appeals process have doubled, that the time between application and decision on an initial disability claim is running 50 percent above what it should be, and that individuals telephoning SSA routinely face busy signals more than half of the time. The Department of Health and Human Services has stated that under the President's budget for FY 1992, these problems will continue to exist. We believe that the President's budget is unacceptable insofar as it explicitly acknowledges, in HHS's words, "a decline in service."

Similarly, the President's proposal for a housing budget disregards the intentions of the recently passed comprehensive housing legislation, the National Affordable Housing Act (P.L. 101-625), by shifting resources from proven and badly needed existing HUD programs into new initiatives, such as the Homeownership and Opportunity for People Everywhere (HOPE) Grants. Funding for valuable programs such as the Congregate Housing Services Program (CHSP) and Section 202 for housing the elderly is slated for significant cuts.

Specifically, the Administration's proposal would slash the number of Section 202 units for the elderly by 70 percent from 10,000 in FY91 to 3,000 in FY92. As a result of converting the Section 202 housing program from a loan program to a direct grant program in FY91, the funding level would drop from $657 million to $153 million in FY92. The Administration again has proposed to eliminate the highly successful CHSP program. In addition, the budget proposal would rescind the $9.5 million appropriated for FY91. The funds would be used instead to provide services through the use of vouchers and Section 8 operating subsidies, for which Section 202 residents are ineligible. We urge you to reject these cuts to programs that significantly reduce the number of elderly housing units and available services and ensure that they are maintained at their current level.

With respect to the Older Americans Act, the President's budget funding for most programs and services remains at current levels despite an increase in the elderly population and the need for services. In addition, the budget proposes a $47 million, or over a 12 percent, cut to the Title V senior employment. This cut translates into a loss of approximately 8,000 job slots in a program which has been tremendously successful in assisting some of the most disadvantaged elderly in the country in finding employment. This drastic cut is further exacerbated by the increase in the minimum wage. In view of the critical role this program plays in meeting the basic needs of our nation's seniors, we would urge you to reject the Title V cut to ensure that the program can at least maintain a current level of service and attempt to locate additional resources to meet the growing demand for all OAA services.

The President's proposal to eliminate the Community Services Block Grant program and redirect funding to states raises major concerns if it means an immediate or future cut in current funding levels. Any such cut could have a devastating impact on our nation's poor, elderly and infirm who have come to rely on the wide variety of benefits the CSBG has provided in areas of health, nutrition, and employment.

Finally, we are deeply concerned by the Bush Administration's effort, once again, to single out the Low Income Home Energy Assistance Program (LIHEAP) for a massive $619 million funding reduction. Since the mid-eighties, this program has been the target of deep cuts. The proposed budget would reduce the program's current funding level by 37 percent. Because elderly persons are particularly vulnerable to hypothermia and heat stroke, this cut would be devastating to program recipients that are 65 or over.

In the development of the Senate budget resolution for fiscal year 1992, we hope that programs serving the elderly will receive the funding targets needed for them to remain effective. We appreciate your consideration of our concerns and look forward to working with you on balancing the very real needs of our elderly, our children and our poor.

Sincerely,

John Heinz
Ranking Republican Member

David Pryor
Chairman

DP/JH/cj
Enclosure

cc: Larry Stein
Bill Hoagland

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JOINT ECONOMIC COMMITTEE
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March 18, 1991

The Honorable Jim Sasser
Chairman
Committee on the Budget
U.S. Senate
Washington, D.C. 20510

Dear Mr. Chairman:

Pursuant to the Budget Act, I am writing as Chairman of the Joint Economic Committee to bring to your attention the Committee's views on the current state of the economy and economic policy. These views reflect the findings and recommendations of the Committee's Annual Report, which is scheduled for release later this week, as well as the expert testimony of witnesses who appeared before the Committee during its review of the 1991 Economic Report of the President.

The American economy slipped into recession around the middle of 1990, somewhat ahead of the invasion of Kuwait. In a notable break from previous experience, the Administration's economic forecast contains few excessively optimistic economic assumptions. Their forecasts of real GNP growth during 1991 (0.9 percent) and of the recovery in 1992 (3.6 percent) closely match the more recent consensus estimates (1.1 percent and 3.6 percent, respectively) in the March Blue Chip survey, as well as those of the Congressional Budget Office (1.3 percent and 3.4 percent, respectively).

Most forecasts reflect the current consensus that the recession will be short and shallow. However, there are a number of significant risks to the economy on the downside, and it would be unwise to place complete faith in a forecast of "short and shallow".

The current recession was preceded by few of the typical excesses that have formerly signaled the onset of recession. But in their place, there are several structural problems that may produce a far different pattern of both recession and recovery than in past downturns. Thus, those responsible for economic policy need to weigh carefully the risks in any given outlook.

The current recession probably started around mid-1990, before the Persian Gulf war added shocks in the form of oil price increases and collapsing consumer confidence. The slowing of overall GNP growth was produced by a number of factors. Monetary policy turned restrictive shortly after the 1987 crash. Interest rates remained high in real terms, helping to cool economic activity in most sectors. Federal fiscal policy also stopped adding stimulus to the economy after 1988. The pace of debt creation continued rapid through most of the 1980s in both the household and business sectors; by the end of the decade, the resulting escalation of debt service costs was leaving fewer resources available either for current consumption or for investment in the future.

A further structural problem was stagnation of wage growth. Real labor compensation per hour has been trending down since the end of 1986. This is the most visible sign of the slowdown in productivity growth that has continued to plague the American economy. As monetary policy and other factors slowed growth in job opportunities, families also became less able to continue putting more members to work and family budgets became increasingly strained. These income pressures on households helped weaken the ability of consumer spending to keep the economy moving forward.

This slow-growing economy was subjected to severe disruptions associated with the Iraqi invasion of Kuwait. The shock of the invasion was transferred to the U.S. economy principally through two mechanisms: oil prices and consumer confidence.

As a result of all of these factors, the country now appears to be in about the eighth month of recession, which is almost three-quarters of the average duration of those that have occurred in the post-World War II period. The two percent decline in real GNP last quarter together with the decline that appears to be underway in the current quarter would, taken together, amount to about half of the average 2.7 percent depth of post-War recessions. Many forecasters believe that this is about as far down as we will go.

Other forecasters have a different view, however, suggesting caution in assuming the recession is nearly over. Dr. Geoffrey Moore, Director of the Center of International Business Cycle Research at Columbia University, reported in March 8 testimony before the Joint Economic Committee that the Center's index of indicators with long lead times "is presently indicating a recession of about average severity (emphasis added) relative to those experienced since 1948."

A number of factors are cited for forecasting a near-term turnaround: There is no substantial inventory buildup in the manufacturing and trade sectors, and therefore no reason to anticipate a period of continued production declines, in order to lower stocks, even after sales turn up. The Federal Reserve may now be willing to abandon its recent emphasis on tight money. Historically, long and deep recessions have been associated with a policy of monetary tightness to fight inflationary excesses from the previous boom. Such a problem is not now evident; indeed, commodity prices, a traditional warning sign of future inflationary pressures, have been well behaved and oil prices have already reversed last summer's run up. Lower oil prices and interest rates will restore consumer purchasing power and reduce costs of home purchase, thus stimulating two major sectors of the economy. Meanwhile, the dollar is very competitive and U.S. exports are faring well, particularly in Europe. Strong export growth also would help pull the economy out of recession.

Yet, there is a case for concern. One part rests with the consumer. Even if consumer confidence stages a strong rebound in response to the conclusion of the Middle East war, consumer spending is influenced by economic factors as well as public attitudes. Most American households are facing severe constraints on their abilities to consume. Disposable personal income is falling, while the labor force participation rate for women has stopped growing, reflecting a diminished capacity of families to move female labor from household work to paid work. Also, the saving rate had begun to stabilize before the recession, after dropping for much of the decade. Saving fell again when the oil price surge dug into spendable funds, but there seem to be growing longer-term family concerns about inadequate savings in the face of economic hardship. Thus, spirits may rebound following the successful conclusion to the Gulf War, but consumer demand may not.

Much of the optimism about exports is based on the decline in the value of the dollar over the past year, but this positive effect can be offset by any marked slowing of growth in key foreign markets. Dr. Moore testified that the Center's current measure of the international scope of recession shows that declines are occurring in about two-thirds of the leading and coincident indexes available for eleven countries, including the United States. Elsewhere he has noted that of the other ten countries, the only ones with positive growth rates are South Korea and West Germany. The downturns in the other countries and in the United States will be reinforcing, he has argued.

Additionally, there are reasons for concern about the economy because of the previous build-up of debt. High leverage on household and corporate balance sheets creates the risk of bankruptcies with much of the risk in areas, such as real estate, where banks have lent heavily. This problem interacts with a thinly capitalized banking system to create an environment of markedly reduced availability of credit. Consequently, there are reasons to believe, as financial economist David Jones has testified, "the current recession's responsiveness to Federal Reserve monetary easing actions may be far more delayed and sluggish than was the case in past recessions."

These risk factors have been widely recognized. Federal Reserve Chairman Greenspan stated in the most recent Monetary Policy Report to the Congress, that "in the near term, the risks to the economy may be skewed to the downside." Although we are generally optimistic that the economy will weather the current period of adversity, we believe that these risk factors justify increased attention to policies that could stimulate economic activity should the optimistic consensus be proven wrong.

The possibility that the economic recovery may not be as quick and strong as generally expected implies that the budget deficit for FY1991 and up-to-date re-estimates of the deficit for FY1992 could be even larger than the Administration's February figures.

Under the provisions of the Budget Summit agreement, spending on essential countercyclical programs such as Unemployment Insurance are allowed to rise as the economy deteriorates, providing support to the unemployed and helping to maintain aggregate demand in the economy. For these "automatic stabilizers" to do their job, however, adequate administrative funding is needed for the Unemployment Insurance system. Such funding is not guaranteed, because administrative costs are deemed "discretionary" while the benefits themselves are considered "mandatory." Additional funds are clearly needed to provide the benefits due to workers.

If the recession proves longer and deeper than currently anticipated, additional fiscal policy measures are likely to be needed. Unfortunately, the flexibility of the traditional tools of macroeconomic policy has been severely curtailed by the economic policies of recent years. Countercyclical policy is jeopardized by the enormous structural budget deficits that have actually risen as the economy came back from the 1981-1982 recession, whereas in the past budget deficits have declined in post-recession periods.

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In considering countercyclical efforts in light of current budget realities, two observations seem particularly important. First, unemployment insurance remains our most productive and effective countercyclical tool, and steps to strengthen it by providing additional benefits to those who exhaust their regular benefits should be our first priority. Second, past economic policies have shortchanged public investments in our nation's future. Reversing this pattern of neglect should be part of any process designed to counter the current recession. Steps to accelerate investment spending already in the pipeline should be encouraged, and consideration should be given to increasing the rate of spendout of funds presently in the Federal infrastructure trust funds.

The choices facing the Budget Committee are challenging and complex. I hope these views and estimates will assist you in the difficult task of preparing a budget resolution.

With best regards,

Sincerely,

Paul Sarbanes

Paul S. Sarbanes
Chairman

PSS/js

[JOINT COMMITTEE PRINT]

ESTIMATES OF FEDERAL TAX EXPENDITURES FOR FISCAL YEARS 1992–1996

PREPARED FOR THE

COMMITTEE ON WAYS AND MEANS

AND THE

COMMITTEE ON FINANCE

BY THE STAFF

OF THE

JOINT COMMITTEE ON TAXATION

MARCH 11, 1991

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102d Congress, 1st Session

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INTRODUCTION

This report [1] on tax expenditures for fiscal years 1992-1996 is prepared by the staff of the Joint Committee on Taxation ("Joint Committee staff") for the House Committee on Ways and Means and the Senate Committee on Finance. The report is also submitted to the House and Senate Committees on the Budget as required by the Budget Act of 1974, as amended. The Budget Committees include estimates of tax expenditures in their reports that accompany the annual budget resolutions.

As in the case of earlier reports,[2] the estimates of tax expenditures in this report were prepared in cooperation with the staff of the Office of Tax Analysis in the Treasury Department. The Treasury published its estimates of tax expenditures for fiscal years 1990-1992 in the President's Budget for Fiscal Year 1992.[3] The lists of tax expenditures in this Joint Committee staff report and the budget report overlap considerably, and the differences are discussed below in Part I under the heading "Comparisons with Treasury".

The Joint Committee staff has made its estimates (as shown in Table 1) based on the provisions in tax law as enacted through December 31, 1990, including relevant provisions in the Omnibus Budget Reconciliation Act of 1990. Expired or repealed provisions are not listed if their effects on revenue result only from taxpayer activity in years before 1990. Extensions or modifications of expiring provisions are not included until they have been enacted into law.

Part I of this report contains a discussion of the concept of tax expenditures and is followed in Part II by a discussion of the measurement of tax expenditures. Estimates of tax expenditures for fiscal years 1992-1996 are presented in Table 1 in Part III. Table 2 shows the distribution of tax returns by income class, and Table 3 presents distributions of selected individual tax expenditures by income class.

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[1] This report may be cited as follows: Joint Committee on Taxation, *Estimates of Federal Tax Expenditures for Fiscal Years 1992-1996* (JCS-4-91), March 11, 1991.

[2] Joint Committee on Taxation, *Estimates of Federal Tax Expenditures*, October 4, 1972, June 1, 1973, July 8, 1975, March 15, 1976, March 16, 1977, March 14, 1978, March 15, 1979, March 6, 1980, March 16, 1981, March 8, 1982, March 7, 1983, November 9, 1984, April 12, 1985, March 1, 1986, February 27, 1987, March 8, 1988, February 28, 1989, and March 9, 1990.

[3] Office of Management and Budget, "Tax Expenditures," Section XI, Part Three, *Budget of the United States Government, Fiscal Year 1992*, pp. 17-41.

I. THE CONCEPT OF TAX EXPENDITURES

Overview

Tax expenditures are defined as reductions in individual and corporate income tax liabilities that result from special tax provisions or regulations that provide tax benefits to particular taxpayers. These special tax provisions can take the form of exclusions, credits, deductions, preferential tax rates, or deferrals of tax liability.

Special income tax provisions are referred to as tax expenditures because they are considered to be analogous to direct expenditure programs, and the two can be viewed as alternative means of accomplishing similar policy objectives. Tax expenditures are most similar to those direct spending programs which have no spending limits, and which are available as entitlements to those who meet the statutory criteria established for the programs. Direct expenditure programs normally require the approval of an application from a potential beneficiary. Most tax expenditures require no action other than the filing of a tax return.[4]

Estimates of tax expenditures are prepared for use in budget analysis. They measure the economic benefits that are provided through the tax laws to various groups of taxpayers and sectors of the economy. The estimates may also be useful in determining the relative merits of achieving specified public goals through tax benefits versus direct outlays.

In this report, the Joint Committee staff follows the definition of tax expenditures that appears in the Congressional Budget and Impoundment Control Act of 1974 ("Budget Act of 1974"): ". . . those revenue losses attributable to provisions of the Federal tax laws which allow a special exclusion, exemption or deduction from gross income or which provide a special credit, a preferential rate of tax or a deferral of tax liability." [5] The legislative history of the Act indicates that tax expenditures are to be defined with reference to a normal income tax structure.

The Joint Committee staff has used its judgment in distinguishing between those income tax provisions (and regulations) that can be viewed as a part of normal tax law, and those special provisions that result in tax expenditures. A special provision might be classified as a tax expenditure on the basis of one of these two criteria: (1) the provision represents a departure from the taxation of economic income that is made for reasons other than administrative feasibility; or (2) the provision offers special tax relief to a narrow group of taxpayers.

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[4] There are a few tax expenditures that have application requirements and spending limits. One example is the tax credit for low-income rental housing. This credit is available only to those who have received credit allocations from State housing authorities. There are statutory limits on the total amount of credit allocations that can be issued in any given year.

[5] Congressional Budget and Impoundment Control Act of 1974 (P.L. 93-344), sec. 3(a)(3).

A provision traditionally has been listed as a tax expenditure by the Joint Committee staff if there is a reasonable basis for such classification and the provision results in more than a de minimis revenue loss—which in this context means a revenue loss of at least $10 million in each of the five fiscal years 1992-1996. The Joint Committee staff emphasizes, however, that in the process of listing tax expenditures, no judgment is made, nor any inference intended, about the desirability of any special tax provision as a matter of public policy.

If a tax expenditure were eliminated, Congress might choose to continue financial assistance through another means rather than terminate all Federal assistance for the activity. For example, the Tax Reform Act of 1986 repealed the itemized deduction for certain adoption expenses and in its place authorized a direct spending program for such expenses. To the extent that a replacement spending program would be enacted, the higher revenues received as a result of the elimination of a tax expenditure might not represent a net budget gain. The nature of any alternative program cannot be anticipated—it could involve direct expenditures, direct loans or loan guarantees, a different form of a tax expenditure, or a general reduction in tax rates. Joint Committee staff estimates of tax expenditures do not anticipate such policy responses.

The Budget Act of 1974 uses the term tax expenditure to refer to the special tax provisions that are contained in the individual and corporate income tax structure. Other Federal taxes such as excise taxes, employment taxes, and estate and gift taxes also have exceptions, exclusions, and credits, but those special tax provisions are not included in this report because they are not part of the income tax. Thus, for example, the income tax credit for producing ethanol for use in gasohol is included, but the equivalent exemption from the excise tax on gasohol sales is not treated here as a tax expenditure.

Individual Income Tax

Under the Joint Committee staff view, the normal structure of the individual income tax includes the following major components: one personal exemption for each taxpayer and one for each dependent, the standard deduction, the existing tax rate schedule, and deductions for investment and employee business expenses. Nearly all other tax provisions can be viewed as exceptions to normal law.[6]

Personal exemptions and the standard deduction are viewed as part of normal tax law because Congress believes these amounts approximate the level of income below which it would be difficult for an individual or a family to obtain minimal amounts of food, clothing, and shelter. Itemized deductions (other than employee business expenses) are classified as tax expenditures, but only to the extent they exceed the standard deduction level.

Interest deductions that are viewed as part of normal tax law include interest paid or accrued on indebtedness incurred in connection with a trade or business, investment interest to the extent of investment income, and interest payable on any unpaid portion of tax due on an estate when an extension of time for payment is in effect. Interest provisions that are viewed as tax expenditures include the deduction for mortgage interest on a principal or second residence, and the permanent exemption from the imputed interest rules.

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[6] Some of the exceptions to normal law are tax disincentives which result in higher tax liabilities. Tax disincentives are not shown in this report.

A new tax expenditure for 1991 and beyond is the maximum 28-percent tax rate on capital gains of individuals. This maximum rate was enacted in the Tax Reform Act of 1986, but it had no effect from 1988 through 1990 because in those years, all taxable income of individuals was subject to the same 28-percent maximum statutory rate. This year (1991), the maximum statutory rate on individual income rises from 28 percent to 31 percent, and the exception for capital gains becomes effective. Thus, the special capital gains maximum tax rate is once again a tax expenditure. Other capital gains provisions that remain as tax expenditures are: the exclusion of capital gains from income at death; the deferral of capital gains on personal residence sales rollovers; and the exclusion of capital gains up to $125,000 on sales of personal residences for individuals age 55 or over.

The Omnibus Budget Reconciliation Act of 1990 created several additional tax expenditures: (1) a tax credit for health insurance expenses for children of taxpayers eligible for the earned income credit; (2) a business tax credit for the cost of providing access for disabled individuals; and (3) a tax credit for enhanced oil recovery costs.

The National Income and Product Accounts [7] include estimates of the imputed income that individuals receive from the services provided by owner-occupied homes and other durables. The individual income tax provides a complete exception for this imputed income, but the Joint Committee staff does not view this exception as a tax expenditure. The measurement of imputed income for tax purposes presents severe administrative problems, and its exclusion from taxable income may be regarded as an administrative necessity. If all imputed income were included in adjusted gross income, it would be proper to include all interest deductions as part of the normal tax structure, since interest deductions would be allowable as a cost of producing imputed income.

Business Income Taxation

Business income is generally subject to the same tax rules, regardless of whether it is earned by sole proprietors, partnerships, or corporations. Sole proprietorship and partnership income is taxed at the individual level, whereas corporate income is subject to a separate tax.

The corporate income tax includes a graduated tax rate schedule. The lower tax rates in the schedule are classified as a tax expenditure (as opposed to normal tax law) because they are intended to provide tax benefits to small business and are unrelated to concerns about ability of individuals to pay taxes.

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[7] The accounts appear in U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, published monthly.

The most difficult issues in defining tax expenditures for business income of individuals and corporations relate to capital costs, which are costs not properly allocable to income earned in a single year. It is assumed, for example, that the normal tax structure would permit straight-line cost recovery deductions on structures and equipment over an asset's estimated useful life.

The measurement of income from capital under the normal income tax structure does not take into account the effects of inflation on items such as depreciation, capital gains, and interest payments. As a result, some tax expenditure estimates will generally be larger than would be the case if the normal tax structure provided for inflation adjustments in these items.

The foreign tax credit is not classified in this report as a tax expenditure because it is intended to prevent double taxation of income earned abroad by U.S. investors.

Comparisons with Treasury

The Joint Committee staff lists and the Treasury Department lists of tax expenditures differ for two reasons. First, the Treasury takes a broader view of those provisions that can be considered a part of normal tax law under both the individual and business income taxes. The Joint Committee staff takes a narrower view of normal tax law, and thus has a longer list of tax expenditures. Use of the cash method of accounting rather than the accrual method provides an example. The Treasury views the cash accounting option as a part of normal tax law, but the Joint Committee staff views it as a departure from normal law that constitutes a tax expenditure.

Second, the Joint Committee staff and Treasury estimates of tax expenditures are prepared for different sets of years. The Treasury's estimates cover the usual three-year period of a budget submission—the last fiscal year, the current fiscal year, and the forthcoming fiscal year to which the budget proposals apply, i.e., fiscal years 1990–1992. The Joint Committee staff estimates cover the forthcoming fiscal year and the succeeding four fiscal years, i.e., fiscal years 1992–1996.

For the past two years, the President's Budget has contained a section that reviews and tabulates the estate and gift tax provisions that Treasury views as tax expenditures. The Joint Committee staff views estate and gift tax provisions as being outside of the normal income tax structure and thus omits them from its list of tax expenditures.

Tax expenditure items in the Joint Committee staff list which have not been included separately, or within another item, in the Treasury's listing in the budget report are shown below.

International affairs

—Exclusion of certain allowances for Federal employees living abroad

Energy

—Expensing of tertiary injectants

Agriculture

—Deductibility of patronage dividends and certain other items of cooperatives
—Exclusion of cost-sharing payments
—Cash accounting

Insurance companies

—Deduction of unpaid loss reserves of property and casualty companies
—Treatment of life insurance company reserves
—Exclusion of investment income from structured settlement amounts

Business and commerce

—Expensing of up to $10,000 of depreciable business property
—Expensing of magazine circulation expenditures
—Special rules for magazine, paperback book, and record returns
—Completed contract rules
—Cash accounting, other than agriculture
—Exception from net operating loss limitations for corporations in bankruptcy
—Like-kind exchanges
—Gain from sale or exchange to effectuate policies of the FCC

Transportation

—Exclusion of interest on State and local government bonds for high-speed inter-urban rail facilities

Employment

—Exclusion of benefits provided under cafeteria plans
—Exclusion of miscellaneous fringe benefits
—Exclusion of employee awards

II. MEASUREMENT OF TAX EXPENDITURES

The interpretation of tax expenditures is subject to important limitations. The difference between the estimates of tax liabilities under present law, which provides for a particular tax expenditure provision, and the higher level of tax liabilities under the assumption that the provision did not exist, is the amount of the tax expenditure. For this computation, as opposed to revenue estimates provided for legislative purposes, it is assumed that nothing else changes, i.e., these are static estimates that do not anticipate taxpayer behavioral responses to changes in tax law.

Each tax expenditure is measured in isolation. If two or more items were to be eliminated simultaneously, the combination of changes might produce a lesser or greater revenue effect than the sum of the amounts shown for each item separately. This means that the addition of the amounts of various tax expenditure items is of quite limited usefulness, and this is why annual totals for all tax expenditures in Table 1 are shown only as an addendum to Table 1.

Year-to-year differences in the estimates for each tax expenditure reflect changes in tax law, including phaseouts of tax expenditure provisions and changes which alter the definition of the normal tax structure, such as the tax rate schedule, the personal exemption amount, and the standard deduction. Some of the estimates for this tax expenditure budget may differ from estimates made in previous years because of changes in law and economic conditions, the availability of better data, and improved estimating techniques.

An alternative way to measure tax expenditures is to express their values in terms of outlay equivalents. An outlay equivalent is the dollar size of a direct spending program that would provide taxpayers with net benefits that would equal what they now receive from a tax expenditure. The Treasury presents estimates of outlay equivalents in the President's Budget.

III. TAX EXPENDITURE ESTIMATES

Tax expenditures are grouped in Table 1 in the same functional categories as outlays in the Federal budget. Estimates are shown separately for individuals and corporations. Those tax expenditures that do not fit clearly into any single budget category have been placed in the most appropriate category.

Several of the tax expenditure items involve small revenue loss, and those estimates are indicated in Table 1 by footnote 1. For each of these items, the footnote means that the revenue loss is less than $50 million in the fiscal year.

Table 2 presents tax return information for each of nine income classes on the number of all returns filed, the number of all returns and taxable returns with itemized deductions, and the amount of tax liability.

Table 3 provides estimates by income class for some of the tax expenditures which affect individual taxpayers. Not all tax expenditures which affect individuals are shown in this table because of the difficulty in making reliable estimates of the income distribution of items which do not appear on tax returns under present law.

Tables 1, 2, and 3 are based on the tax laws as they existed on December 31, 1990.

Table 1.—Tax Expenditure Estimates By Budget Function, Fiscal Years 1992–1996

[Billions of Dollars]

Function	Corporations					Individuals					Total 1992–96
	1992	1993	1994	1995	1996	1992	1993	1994	1995	1996	
National defense											
Exclusion of benefits and allowances to Armed Forces personnel						2.0	2.1	2.2	2.3	2.3	10.9
Exclusion of military disability benefits						0.1	0.1	0.1	0.1	0.1	0.5
International affairs											
Exclusion of income earned abroad by U.S. citizens						1.5	1.5	1.6	1.6	1.7	7.9
Exclusion of certain allowances for Federal employees abroad						0.2	0.2	0.2	0.2	0.2	1.0
Exclusion of income of foreign sales corporations (FSCs)	0.9	1.0	1.1	1.1	1.2						5.3
Deferral of income of controlled foreign corporations	0.2	0.2	0.3	0.3	0.3						1.2
Inventory property sales source rule exception	3.2	3.4	3.7	3.8	3.9						18.0
Interest allocation rules exception for certain nonfinancial institutions	0.2	0.2	0.2	0.2	0.2						0.9
General science, space, and technology											
Expensing of research and development expenditures	1.6	1.7	1.9	2.0	2.1						9.3
Credit for increasing research activities	0.7	0.8	0.8	0.8	0.9						4.0
Energy											
Expensing of exploration and development costs:											
Oil and gas	(2)	0.1	0.1	0.2	0.2	0.6	0.7	0.7	0.8	0.8	4.2
Other fuels	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.2
Excess of percentage over cost depletion:											
Oil and gas	0.1	0.1	0.1	0.2	0.2	0.4	0.4	0.5	0.5	0.6	3.1
Other fuels	0.2	0.2	0.2	0.2	0.2	(1)	(1)	(1)	(1)	(1)	1.1
Credit for enhanced oil recovery costs	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.2
Alternative fuel production credit	0.3	0.4	0.4	0.4	0.3	0.1	0.1	0.1	0.1	0.1	2.4
Alcohol fuel credits (3)	0.1	0.1	0.2	0.2	0.3						1.0

Exclusion of interest on State and local government industrial development bonds for energy production facilities	(2)	(2)	(2)	(2)	(2)	0.2	0.2	0.2	0.2	0.2	1.0
Expensing of tertiary injectants	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.1
Business energy tax credits	(1)	(2)	(2)								(1)
Natural resources and environment											
Expensing of exploration and development costs, nonfuel minerals	(1)	(1)	0.1	0.1	0.1	(1)	(1)	(1)	(1)	(1)	0.4
Excess of percentage over cost depletion, nonfuel minerals	0.3	0.3	0.3	0.3	0.3	(1)	(1)	(1)	(1)	(1)	1.6
Investment credit and 7-year amortization for reforestation expenditures	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.1
Expensing multiperiod timber-growing costs	0.4	0.4	0.4	0.4	0.5	(1)	(1)	(1)	(1)	(1)	2.2
Exclusion of interest on State and local government sewage, water, and hazardous waste facilities bonds	−0.4	−0.4	−0.4	−0.5	−0.5	1.8	1.9	2.0	2.0	2.1	7.6
Investment tax credit for rehabilitation of historic structures	(1)	(1)	(1)	(1)	(1)	0.1	0.1	0.1	0.1	0.1	0.5
Special rules for mining reclamation reserves	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.2
Agriculture											
Expensing certain multiperiod production costs	(1)	(1)	(1)	(1)	(1)	0.2	0.2	0.2	0.2	0.2	1.2
Deductibility of patronage dividends and certain other items of cooperatives	0.3	0.3	0.3	0.4	0.4	−0.1	−0.1	−0.1	−0.1	−0.1	1.4
Exclusion of cost-sharing payments						(1)	(1)	(1)	(1)	(1)	0.1
Exclusion of cancellation of indebtedness income of farmers						0.1	0.1	0.1	0.1	0.1	0.5
Cash accounting for agriculture	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	1.5
Commerce and housing											
Financial institutions:											
Bad-debt reserves of financial institutions	0.1	0.1	0.2	0.2	0.2						0.8
Merger rules for banks and thrift institutions	2.6	1.7	1.2	0.9	0.6						7.0
Exemption of credit union income	0.6	0.7	0.8	0.9	0.9						3.9
Insurance companies:											
Exclusion of investment income on life insurance and annuity contracts	7.8	8.5	9.3	10.2	11.2	0.1	0.1	0.1	0.1	0.1	47.4
Exclusion of investment income from structured settlement amounts	(1)	(1)	(1)	(1)	(1)						0.1
Small life insurance company taxable income adjustment	0.1	0.1	0.1	0.1	0.1						0.5
Treatment of life insurance company reserves	0.7	0.7	0.8	0.8	0.9						3.8

Footnotes at end of table.

Table 1.—Tax Expenditure Estimates By Budget Function, Fiscal Years 1992-1996—Continued

[Billions of Dollars]

Function	Corporations					Individuals					Total 1992-96
	1992	1993	1994	1995	1996	1992	1993	1994	1995	1996	
Deduction of unpaid loss reserves for property and casualty insurance companies	1.6	1.4	1.3	1.1	1.0						6.4
Special alternative tax on small property and casualty insurance companies	(1)	(1)	(1)	(1)	(1)						0.1
Tax exemption for certain insurance companies	(1)	(1)	(1)	(1)	(1)						0.1
Special deduction for Blue Cross and Blue Shield companies	0.1	0.1	(1)	(1)	(1)						0.2
Housing:											
Deductibility of mortgage interest on owner-occupied residences						38.8	42.2	45.9	50.0	54.4	231.2
Deductibility of property tax on owner-occupied residences						11.0	12.3	13.6	15.2	16.9	69.0
Deferral of capital gains on sales of principal residences						11.5	12.1	12.7	13.6	15.5	65.3
Exclusion of capital gains on sales of principal residences for persons age 55 and over ($125,000 exclusion)						3.8	4.0	4.2	4.5	5.2	21.8
Exclusion of interest on State and local government bonds for owner-occupied housing	0.3	0.3	0.3	0.3	0.3	1.4	1.3	1.2	1.1	1.0	7.5
Depreciation of rental housing in excess of alternative depreciation system	1.1	1.1	1.1	1.2	1.2	0.5	0.5	0.6	0.6	0.6	8.5
Low-income housing tax credit	0.1	0.1	0.1	0.1	0.1	1.0	1.0	1.0	1.0	1.0	5.6
Exclusion of interest on State and local government bonds for rental housing	0.2	0.3	0.3	0.3	0.3	0.6	0.6	0.7	0.7	0.7	4.7
Other business and commerce:											
Maximum 28% tax rate on long-term capital gains						4.5	5.1	5.6	6.0	6.5	27.7
Depreciation on buildings other than rental housing in excess of alternative depreciation system	5.1	5.3	5.5	5.7	5.9	1.9	2.0	2.0	2.1	2.2	37.7

Depreciation on equipment in excess of alternative depreciation system	14.1	14.6	15.1	15.6	16.2	4.0	4.1	4.3	4.4	4.6	97.0
Investment credit other than ESOPs, rehabilitation of structures, reforestation, and energy property	0.9	0.3	0.1	0.1	0.1	0.1	(1)	(1)	(1)	(1)	1.6
Expensing up to $10,000 depreciable business property	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	1.0
Exclusion of capital gains at death:											
Capital gains at death						10.5	11.6	12.7	14.0	15.4	64.2
Carryover basis on gifts						1.1	1.3	1.4	1.4	1.5	6.7
Amortization of business startup costs	(1)	(1)	(1)	(1)	(1)	0.2	0.2	0.2	0.2	0.2	1.0
Reduced rates on first $75,000 of corporate taxable income	3.0	3.1	3.2	3.3	3.5						16.1
Permanent exemption from imputed interest rules	(1)	(1)	(1)	(1)	(1)	0.2	0.2	0.2	0.2	0.2	1.0
Expensing of magazine circulation expenditures	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.1
Special rules for magazine, paperback, and record returns	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.1
Deferral of gain on non-dealer installment sales	0.1	0.1	0.1	0.1	0.1	(1)	(1)	(1)	(1)	(1)	0.8
Completed contract rules	0.2	0.3	0.3	0.3	0.3	(1)	(1)	(1)	(1)	(1)	1.2
Cash accounting, other than agriculture	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.3
Exclusion of interest on State and local government small-issue bonds	−0.1	−0.1	−0.1	−0.1	−0.1	2.4	2.4	2.4	2.4	2.4	11.5
Deferral of gain on like-kind exchanges	0.3	0.3	0.3	0.4	0.4	0.2	0.2	0.2	0.2	0.2	2.7
Exception from net operating loss limitations for corporations in bankruptcy proceedings	0.2	0.2	0.2	0.2	0.2						1.0
Gain from sale or exchange to effectuate policies of the FCC	0.2	0.2	0.1	0.1	0.1	(1)	(1)	(1)	(1)	(1)	0.7
Exemption of RIC expenses from miscellaneous deduction floor						0.5	0.6	0.7	0.8	0.8	3.4
Transportation											
Deferral of tax on capital construction funds of shipping companies	0.1	0.1	0.1	0.1	0.1						0.5
Exclusion of interest on State and local government bonds for mass transit commuting vehicles	(2)	(2)	(2)	(2)	(2)	(1)	(1)	(1)	(1)	(1)	0.1
Exclusion of interest on State and local government bonds for high-speed inter-urban rail facilities	(2)	(2)	(2)	(2)	(2)	0.1	0.1	0.2	0.2	0.2	0.8

Footnotes at end of table.

Table 1.—Tax Expenditure Estimates By Budget Function, Fiscal Years 1992–1996—Continued

[Billions of Dollars]

Function	Corporations					Individuals					Total 1992–96
	1992	1993	1994	1995	1996	1992	1993	1994	1995	1996	
Community and regional development											
Investment credit for rehabilitation of structures, other than historic structures	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.4
Exclusion of interest on State and local government bonds for private airports and docks	−0.1	−0.1	−0.2	−0.2	−0.2	0.8	0.8	0.8	0.9	0.9	3.4
Education, training, employment, and social services											
Education and training:											
Exclusion of scholarship and fellowship income						0.6	0.6	0.6	0.7	0.7	3.2
Parental personal exemption for students age 19 to 23						0.3	0.3	0.4	0.5	0.5	2.0
Exclusion of interest on State and local government student loan bonds	(1)	(1)	(1)	(1)	(1)	0.4	0.4	0.4	0.4	0.4	2.0
Exclusion of interest on State and local government bonds for private educational facilities	(1)	(1)	(1)	(1)	(1)	0.3	0.3	0.3	0.3	0.3	1.5
Deductibility of charitable contributions for education	0.5	0.6	0.6	0.6	0.6	1.6	1.7	1.9	2.0	2.1	12.2
Educational savings bonds						0.1	0.2	0.2	0.3	0.3	1.1
Employment:											
Targeted jobs tax credit	0.2	0.1	(1)	(1)	(1)	(1)	(1)	(1)			0.4
Exclusion of employee meals and lodging (other than military)						0.8	0.8	0.9	0.9	0.9	4.3
Employee stock ownership plans (ESOPs)	0.9	1.0	1.1	1.2	1.2	(1)	(1)	(1)	(1)	(1)	5.3
Exclusion for benefits provided under cafeteria plans						2.6	2.9	3.1	3.2	3.3	15.1
Exclusion of rental allowances for ministers' homes						0.2	0.2	0.2	0.2	0.3	1.1
Exclusion of miscellaneous fringe benefits						4.1	4.3	4.6	4.9	5.2	23.1
Exclusion of employee awards						0.1	0.1	0.1	0.1	0.1	0.6

Exclusion of income earned by benefit organizations:											
Supplemental unemployment benefits trusts	....	....	....	....	....	(1)	(1)	(1)	(1)	(1)	0.1
Voluntary employees' beneficiary associations	....	....	....	....	....	0.5	0.5	0.5	0.5	0.6	2.7
Social services:											
Deductibility of charitable contributions, other than for education and health	0.5	0.6	0.6	0.6	0.6	12.5	13.3	14.2	15.1	16.1	74.1
Credit for child and dependent care expenses	....	....	....	....	....	3.1	3.3	3.4	3.5	3.7	17.0
Exclusion for employer-provided child care	....	....	....	....	....	0.3	0.4	0.5	0.5	0.6	2.3
Exclusion for certain foster care payments	....	....	....	....	....	(1)	(1)	(1)	(1)	(1)	0.1
Expensing costs of removing architectural barriers	0.1	0.1	0.1	0.1	0.1	(1)	(1)	(1)	(1)	(1)	0.3
Tax credit for disabled access expenditures	0.1	0.1	0.1	0.1	0.1	....	....	....	....	....	0.5
Health											
Exclusion of employer contributions for medical insurance premiums and medical care	....	....	....	....	....	37.7	41.3	45.1	49.0	53.2	226.4
Deductibility of medical insurance premiums by the self employed	....	....	....	....	....	0.1	....	....	....	....	0.1
Credit for child medical insurance premiums (4)	....	....	....	....	....	0.1	0.1	0.1	0.1	0.1	0.5
Deductibility of medical expenses	....	....	....	....	....	2.9	3.3	3.8	4.4	5.0	19.4
Exclusion of interest on State and local government bonds for private hospital facilities	0.1	0.1	0.1	0.1	0.1	2.6	2.9	3.2	3.5	3.7	16.4
Deductibility of charitable contributions for health	0.2	0.2	0.2	0.2	0.2	1.6	1.7	1.8	1.9	2.0	10.0
Tax credit for orphan drug research	(1)	(1)	(1)	(1)	(1)	....	....	....	....	....	(1)
Medicare											
Exclusion of untaxed medicare benefits:											
Hospital insurance	....	....	....	....	....	7.1	7.7	8.3	9.0	9.8	41.8
Supplementary medical insurance	....	....	....	....	....	4.0	4.5	5.0	5.7	6.4	25.5
Income security											
Exclusion of workers' compensation benefits	....	....	....	....	....	2.9	3.1	3.2	3.4	3.6	16.1
Exclusion of special benefits for disabled coal miners	....	....	....	....	....	0.1	0.1	0.1	0.1	0.1	0.6
Exclusion of cash public assistance benefits	....	....	....	....	....	0.4	0.4	0.4	0.4	0.5	2.1
Net exclusion of pension contributions and earnings	....	....	....	....	....	54.0	57.0	59.0	61.0	64.0	295.0
Individual retirement plans	....	....	....	....	....	6.2	6.5	6.9	7.3	7.8	34.7
Keogh plans	....	....	....	....	....	2.9	3.0	3.2	3.4	3.6	16.1
Exclusion of other employee benefits:											
Premiums on group term life insurance	....	....	....	....	....	2.2	2.3	2.5	2.6	2.7	12.4

Footnotes at end of table.

Table 1.—Tax Expenditure Estimates By Budget Function, Fiscal Years 1992-1996—Continued

[Billions of Dollars]

Function	Corporations					Individuals					Total 1992-96
	1992	1993	1994	1995	1996	1992	1993	1994	1995	1996	
Premiums on accident and disability insurance						0.1	0.1	0.1	0.1	0.1	0.6
Exclusion for employer-provided death benefits						(1)	(1)	(1)	(1)	(1)	0.1
Additional standard deduction for the blind and the elderly						1.7	1.8	1.9	1.9	2.0	9.3
Tax credit for the elderly and disabled						.1	.1	.1	.1	.1	.5
Deductibility of casualty and theft losses						.3	.4	.5	.6	.7	2.5
Earned income credit (5)						.9	.9	1.2	1.4	1.5	5.9
Social security and railroad retirement											
Exclusion of untaxed social security-railroad retirement benefits						25.6	27.0	28.4	29.9	31.4	142.3
Veterans' benefits and services											
Exclusion of veterans' disability compensation						1.4	1.5	1.5	1.6	1.7	7.7
Exclusion of veterans' pensions						0.1	0.1	0.1	0.1	0.1	0.6
Exclusion of GI bill benefits						0.1	0.1	0.1	0.1	0.1	0.4
Exclusion of interest on State and local government veterans' housing bonds	(1)	(1)	(1)	(1)	(1)	0.2	0.2	0.2	0.2	0.2	1.1
General purpose fiscal assistance											
Exclusion of interest on public purpose State and local government debt	1.5	1.4	1.4	1.3	1.3	10.0	10.9	11.8	13.0	13.7	66.3
Deduction of nonbusiness State and local government income and personal property taxes						23.8	25.5	27.4	29.5	31.7	137.9
Tax credit for corporations with possessions source income	2.9	3.0	3.1	3.2	3.3						15.5
Interest											
Deferral of interest on savings bonds						1.0	1.0	1.0	1.0	1.0	5.0

Footnotes to Table 1:

[1] Positive tax expenditure of less than $50 million.

[2] Negative tax expenditure of less than $50 million.

[3] In addition, the 5.4-cents-per-gallon exemption from excise tax for alcohol fuels results in a reduction in excise tax receipts, net of income tax effect, of $0.4 billion per year for 1992 and 1993, $0.5 billion per year for 1994 and 1995, and $0.6 billion in 1996.

[4] The figures in the table show the effect of the child medical insurance credit on receipts. The increase in outlays is $0.5 billion in 1992, $0.6 billion per year in 1993 and 1994, and $0.7 billion per year in 1995 and 1996.

[5] The figures in the table show the effect of the earned income credit on receipts. The increase in outlays is: $7.8 billion in 1992, $8.5 billion in 1993, $10.6 billion in 1994, $12.8 billion in 1995, and $13.2 billion in 1996.

Source: Joint Committee on Taxation.

ADDENDUM TO TABLE 1.—SUM OF TAX EXPENDITURE ITEMS BY TYPE OF TAXPAYER, FISCAL YEARS 1992–1996

[Billions of dollars]

Fiscal year	Corporations	Individuals	Total
1992	54.6	320.8	374.9
1993	55.6	343.3	398.9
1994	57.4	367.1	424.5
1995	59.4	392.4	451.8
1996	61.7	421.1	482.8

NOTE.—These totals represent the mathematical sum of the estimated fiscal year effect of each of the tax expenditure items included in Table 1. The limitations on the use of the totals is explained in the text.

Table 2.—Distribution by Income Class of All Returns, Taxable Returns, Itemized Returns, and Tax Liability, at 1991 Rates and 1991 Law and 1991 Income Levels [1]

[Money amounts in millions of dollars, returns in thousands]

Income class (thousands) [2]	All returns [3]	Taxable returns	Itemized returns		Tax liability
			Total	Taxable	
Below $10	24,652	5,258	414	79	−$1,173
$10 to $20	22,896	14,227	1,366	648	10,401
$20 to $30	18,308	16,251	3,195	2,725	28,790
$30 to $40	13,636	13,364	4,306	4,197	40,599
$40 to $50	10,163	10,102	4,716	4,683	44,601
$50 to $75	13,709	13,639	9,211	9,191	95,668
$75 to $100	4,696	4,694	4,001	4,000	57,300
$100 to $200	3,117	3,116	2,867	2,866	71,591
$200 and over	1,190	1,189	1,106	1,105	141,727
Total	**112,366**	**81,840**	**31,182**	**29,494**	**$489,505**

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[1] Tax law as in effect on January 1, 1991, is applied to the 1991 level and sources of income and their distribution among taxpayers. Excludes individuals who are dependents of other taxpayers.

[2] The income concept used to place tax returns into classes is adjusted gross income (AGI) plus (1) tax-exempt interest, (2) employer contributions for health plans and life insurance, (3) inside buildup on life insurance, (4) workers' compensation, (5) nontaxable social security benefits, (6) deductible contributions to individual retirement accounts, (7) the minimum tax preferences, and (8) net losses, in excess of minimum tax preferences, from passive business activities.

[3] Includes filing and nonfiling units. Filing units include all taxable and nontaxable returns. Nonfiling units include individuals with income that is exempt from Federal income taxation (*e.g.*, transfer payments, interest from tax-exempt bonds, etc.).

NOTE.—Detail may not add to total due to rounding.

Source: Joint Committee on Taxation.

Table 3.—Distribution by Income Class of Selected Individual Tax Expenditure Items, at 1991 Rates and 1991 Income Levels [1]

[Money amounts in millions of dollars, returns in thousands]

Income Class (thousands) [2]	Medical deduction		Real estate tax deduction	
	Returns	Amount	Returns	Amount
Below $10	21	$2	14	$1
$10 to $20	466	132	594	81
$20 to $30	1,080	409	2,088	292
$30 to $40	1,070	404	3,276	614
$40 to $50	746	304	3,828	801
$50 to $75	817	613	8,250	2,861
$75 to $100	233	280	3,632	2,063
$100 to $200	124	371	2,562	2,009
$200 and over	22	143	961	1,557
Total	4,580	$2,657	25,205	$10,278

Footnotes at end of table.

Table 3.—Distribution by Income Class of Selected Individual Tax Expenditure Items, at 1991 Rates and 1991 Income Levels [1]—Continued

[Money amounts in millions of dollars, returns in thousands]

Income Class (thousands) [2]	State and local income and personal property tax deduction		Charitable contributions deduction	
	Returns	Amount	Returns	Amount
Below $10	51	$2	75	$5
$10 to $20	579	41	685	88
$20 to $30	2,347	301	2,512	345
$30 to $40	3,541	811	3,822	705
$40 to $50	4,028	1,241	4,344	904
$50 to $75	8,121	4,582	8,704	2,611
$75 to $100	3,552	3,652	3,870	2,081
$100 to $200	2,487	4,480	2,785	2,700
$200 and over	966	7,583	1,082	5,604
Total	25,672	$22,693	27,879	$15,044

Footnotes at end of table.

Table 3.—Distribution by Income Class of Selected Individual Tax Expenditure Items, at 1991 Rates and 1991 Income Levels [1]—Continued

[Money amounts in millions of dollars, returns in thousands]

Income Class (thousands) [2]	Child care credit		Earned income credit [3]	
	Returns	Amount	Returns	Amount
Below $10	17	$1	3,610	$2,648
$10 to $20	942	379	5,541	4,729
$20 to $30	1,186	529	1,952	756
$30 to $40	1,122	465	214	105
$40 to $50	1,155	477	37	25
$50 to $75	1,827	793	28	26
$75 to $100	623	283	2	1
$100 to $200	271	121	0	0
$200 and over	48	25	0	0
Total	7,191	$3,073	11,384	$8,291

Footnotes at end of table.

Table 3.—Distribution by Income Class of Selected Individual Tax Expenditure Items, at 1991 Rates and 1991 Income Levels [1]—Continued

[Money amounts in millions of dollars, returns in thousands]

Income Class (thousands) [2]	Untaxed Social Security and Railroad Retirement benefits		Additional standard deduction for the elderly and blind	
	Returns	Amount	Returns	Amount
Below $10	1,733	$356	191	$21
$10 to $20	5,175	3,836	1,996	241
$20 to $30	4,737	6,376	3,292	441
$30 to $40	3,308	5,060	2,276	376
$40 to $50	1,950	2,687	1,358	227
$50 to $75	1,866	2,407	1,008	244
$75 to $100	568	753	253	73
$100 to $200	403	632	88	24
$200 and over	184	360	24	7
Total	19,926	$22,467	10,486	$1,654

Footnotes at end of table.

Table 3.—Distribution by Income Class of Selected Individual Tax Expenditure Items, at 1991 Rates and 1991 Income Levels [1]—Continued

[Money amounts in millions of dollars, returns in thousands]

Income Class (thousands) [2]	Mortgage interest deduction	
	Returns	Amount
Below $10	27	$9
$10 to $20	742	313
$20 to $30	2,137	1,102
$30 to $40	3,103	2,478
$40 to $50	3,662	2,996
$50 to $75	7,826	11,219
$75 to $100	3,321	7,429
$100 to $200	2,371	7,367
$200 and over	869	3,872
Total	24,058	$36,785

Footnotes to table 3:

[1] Excludes individuals who are dependents of other taxpayers.

[2] The income concept used to place tax returns into classes is adjusted gross income (AGI) plus (1) tax-exempt interest, (2) employer contributions for health plans and life insurance, (3) inside buildup on life insurance, (4) workers' compensation, (5) nontaxable social security benefits, (6) deductible contributions to individual retirement accounts, (7) the minimum tax preferences, and (8) net losses, in excess of minimum tax preferences, from passive business activities.

[3] Includes the refundable portion of the earned income credit. Excludes the credit for child medical insurance premiums.

NOTE.—Detail may not add to total due to rounding.

Source: Joint Committee on Taxation.

○

Chapter IX.

ROLL CALL VOTES IN COMMITTEE

Roll call votes taken during Committee consideration of the Concurrent Resolution on the Budget of Fiscal Year 1992 were as follows:

Committee Markup, April 11, 1991

(1) The GRASSLEY BA Freeze Mark for FY 1991 [Defense, International Affairs, Domestic Discretionary].

The Grassley motion was not agreed to: 10 Yeas 11 Nays

Yeas: Mr. Hollings
Mr. Exon
Mr. Sanford
Mr. Conrad
Mr. Symms
Mr. Grassley
Mr. Nickles
Mr. Gramm
Mr. Lott
Mr. Brown

Nays: Mr. Sasser
Mr. Johnston
Mr. Riegle
Mr. Lautenberg
Mr. Simon
Mr. Wirth
Mr. Fowler
Mr. Dodd
Mr. Domenici
Mr. Kasten
Mr. Bond

(2) The CONRAD Policy Neutral Resolution.

The CONRAD motion was not agreed to: 10 Yeas 11Nays

Yeas: Mr. Exon
Mr. Sanford
Mr. Fowler
Mr. Conrad
Mr. Symms
Mr. Grassley
Mr. Kasten
Mr. Nickles
Mr. Lott
Mr. Brown

Nays: Mr. Sasser
Mr. Hollings
Mr. Johnston
Mr. Riegle
Mr. Lautenberg
Mr. Simon
Mr. Wirth
Mr. Dodd
Mr. Domenici
Mr. Gramm
Mr. Bond

(3) The SIMON 10% reduction in Function 050.

The SIMON motion was not agreed to: 1 Yeas 20 Nays

Yeas: Mr. Simon

Nays: Mr. Sasser
Mr. Hollings

Mr. Johnston
Mr. Riegle
Mr. Exon
Mr. Lautenberg
Mr. Sanford
Mr. Wirth
Mr. Fowler
Mr. Conrad
Mr. Dodd
Mr. Domenici
Mr. Symms
Mr. Grassley
Mr. Kasten
Mr. Nickles
Mr. Gramm
Mr. Bond
Mr. Lott
Mr. Brown

(4) The SIMON 5% reduction in Function 050.

The SIMON motion was not agreed to: 3 Yeas 18 Nays

Yeas: Mr. Riegle
Mr. Simon
Mr. Conrad

Nays: Mr. Sasser
Mr. Hollings
Mr. Johnston
Mr. Exon
Mr. Lautenberg
Mr. Sanford
Mr. Wirth
Mr. Fowler
Mr. Dodd
Mr. Domenici
Mr. Symms
Mr. Grassley
Mr. Kasten
Mr. Nickles
Mr. Gramm
Mr. Bond
Mr. Lott
Mr. Brown

(5) The SIMON 2% reduction in Function 050.

The SIMON motion was not agreed to: 5 Yeas 16 Nays

Yeas: Mr. Riegle
Mr. Simon
Mr. Wirth
Mr. Conrad
Mr. Grassley

Nays: Mr. Sasser
Mr. Hollings
Mr. Johnston
Mr. Exon
Mr. Lautenberg
Mr. Sanford
Mr. Fowler
Mr. Dodd
Mr. Domenici
Mr. Symms
Mr. Kasten

Mr. Nickles
Mr. Gramm
Mr. Bond
Mr. Lott
Mr. Brown

(6) The SIMON 1% reduction in Function 050.

The SIMON motion was not agreed to: 8 Yeas 13 Nays

Yeas: Mr. Sasser
Mr. Riegle
Mr. Lautenberg
Mr. Simon
Mr. Wirth
Mr. Conrad
Mr. Grassley
Mr. Brown

Nays: Mr. Hollings
Mr. Johnston
Mr. Exon
Mr. Sanford
Mr. Fowler
Mr. Dodd
Mr. Domenici
Mr. Symms
Mr. Kasten
Mr. Nickles
Mr. Gramm
Mr. Bond
Mr. Lott

(7) The BROWN Sense of Congress regarding Social Security revenues.

The BROWN motion was agreed to: 14 Yeas 7 Nays

Yeas: Mr. Sasser
Mr. Johnston
Mr. Lautenberg
Mr. Simon
Mr. Wirth
Mr. Conrad
Mr. Domenici
Mr. Symms
Mr. Grassley
Mr. Nickles
Mr. Gramm
Mr. Bond
Mr. Lott
Mr. Brown

Nays: Mr. Hollings
Mr. Riegle
Mr. Exon
Mr. Sanford
Mr. Fowler
Mr. Dodd
Mr. Kasten

(8) The WIRTH Head Start, Home Front Initiative.

The WIRTH motion was agreed to: 15 Yeas 6 Nays

Yeas: Mr. Sasser
Mr. Johnston
Mr. Riegle
Mr. Exon
Mr. Lautenberg
Mr. Simon
Mr. Sanford
Mr. Wirth
Mr. Fowler
Mr. Conrad

Nays: Mr. Hollings

Mr. Dodd
Mr. Grassley
Mr. Kasten
Mr. Nickles
Mr. Brown

Mr. Domenici
Mr. Symms
Mr. Gramm
Mr. Bond
Mr. Lott

Continued Committee Markup, April 17, 1991.

(9) The DOMENICI Sense of the Congress Block Grant Initiative.

The DOMENICI motion was not agreed to: 9 Yeas 12 Nays

Yeas: Mr. Domenici
Mr. Symms
Mr. Grassley
Mr. Kasten
Mr. Nickles
Mr. Gramm
Mr. Bond
Mr. Lott
Mr. Brown

Nays: Mr. Sasser
Mr. Hollings
Mr. Johnston
Mr. Riegle
Mr. Exon
Mr. Lautenberg
Mr. Simon
Mr. Sanford
Mr. Wirth
Mr. Fowler
Mr. Conrad
Mr. Dodd

(10) The GRASSLEY Sense of the Congress in Support of Children and the Family.

The GRASSLEY motion was agreed to: 20 Yeas 1 Nay

Yeas: Mr. Sasser
Mr. Hollings
Mr. Johnston
Mr. Riegle
Mr. Exon
Mr. Lautenberg
Mr. Sanford
Mr. Wirth
Mr. Fowler
Mr. Conrad
Mr. Dodd
Mr. Domenici
Mr. Symms
Mr. Grassley
Mr. Kasten
Mr. Nickles
Mr. Gramm
Mr. Bond
Mr. Lott
Mr. Brown

Nays: Mr. Simon

(11) The DOMENICI Sense of the Congress Fairness in Federal Program's Benefits.

The DOMENICI motion was agreed to: 12 Yeas 9 Nays

Yeas: Mr. Hollings
Mr. Wirth
Mr. Conrad
Mr. Dodd
Mr. Domenici
Mr. Symms
Mr. Grassley
Mr. Kasten
Mr. Nickles
Mr. Gramm
Mr. Bond
Mr. Brown

Nays: Mr. Sasser
Mr. Johnston
Mr. Riegle
Mr. Exon
Mr. Lautenberg
Mr. Simon
Mr. Sanford
Mr. Fowler
Mr. Lott

(12) The DOMENICI Sense of the Congress, High Priority Domestic Discretionary Programs.

The DOMENICI motion was agreed to: 21 Yeas 0 Nays

Yeas: Mr. Sasser
Mr. Hollings
Mr. Johnston
Mr. Riegle
Mr. Exon
Mr. Lautenberg
Mr. Simon
Mr. Sanford
Mr. Wirth
Mr. Fowler
Mr. Conrad
Mr. Dodd
Mr. Domenici
Mr. Symms
Mr. Grassley
Mr. Kasten
Mr. Nickles
Mr. Gramm
Mr. Bond
Mr. Lott
Mr. Brown

(13) The EXON-DOMENICI Sense of the Congress Resolution regarding Veteran Programs.

The EXON-DOMENICI motion was agreed to: 21 Yeas 0 Nays

Yeas: Mr. Sasser
Mr. Hollings
Mr. Johnston
Mr. Riegle
Mr. Exon
Mr. Lautenberg
Mr. Simon
Mr. Sanford
Mr. Wirth
Mr. Fowler
Mr. Conrad
Mr. Dodd
Mr. Domenici
Mr. Symms
Mr. Grassley
Mr. Kasten
Mr. Nickles
Mr. Gramm
Mr. Bond
Mr. Lott
Mr. Brown

(14) The GRAMM motion to Strike Reserve Funds.

The GRAMM motion was not agreed to: 10 Yeas 11 Nays

Yeas: Mr. Hollings
Mr. Domenici
Mr. Symms
Mr. Grassley
Mr. Kasten
Mr. Nickles
Mr. Gramm
Mr. Bond
Mr. Lott
Mr. Brown

Nays: Mr. Sasser
Mr. Johnston
Mr. Riegle
Mr. Exon
Mr. Lautenberg
Mr. Simon
Mr. Sanford
Mr. Wirth
Mr. Fowler
Mr. Conrad
Mr. Dodd

(15) The BROWN/DOMENICI Reserve Fund Motion.

The BROWN/DOMENICI motion was agreed to: 11 Yeas, 10 Nays

Yeas: Mr. Hollings
Mr. Wirth
Mr. Domenici
Mr. Symms
Mr. Grassley
Mr. Kasten
Mr. Nickles
Mr. Gramm
Mr. Bond
Mr. Lott
Mr. Brown

Nays: Mr. Sasser
Mr. Johnston
Mr. Riegle
Mr. Exon
Mr. Lautenberg
Mr. Simon
Mr. Sanford
Mr. Fowler
Mr. Conrad
Mr. Dodd

(16) The DOMENICI Social Security Trust Fund Integrity motion.

The DOMENICI amendment was not agreed to: 8 Yeas 13 Nays

Yeas:
Mr. Johnston
Mr. Domenici
Mr. Grassley
Mr. Nickles
Mr. Gramm
Mr. Bond
Mr. Lott
Mr. Brown

Nays:
Mr. Sasser
Mr. Hollings
Mr. Riegle
Mr. Exon
Mr. Lautenberg
Mr. Simon
Mr. Sanford
Mr. Wirth
Mr. Fowler
Mr. Conrad
Mr. Dodd
Mr. Symms
Mr. Kasten

(17) FINAL PASSAGE of The Concurrent Resolution setting forth the Congressional budget for the United States Government for fiscal years 1992, 1993, 1994, 1995, and 1996.

The CONCURRENT RESOLUTION was agreed to: 11 Yeas 10 Nays

Yeas:
Mr. Sasser
Mr. Hollings
Mr. Johnston
Mr. Riegle
Mr. Exon
Mr. Lautenberg
Mr. Simon
Mr. Sanford
Mr. Wirth
Mr. Fowler
Mr. Dodd

Nays:
Mr. Conrad
Mr. Domenici
Mr. Symms
Mr. Grassley
Mr. Kasten
Mr. Nickles
Mr. Gramm
Mr. Bond
Mr. Lott
Mr. Brown

Chapter X. VIEWS OF COMMITTEE MEMBERS

ADDITIONAL VIEWS OF SENATOR ERNEST F. HOLLINGS

Contrary to the observation of one member in the course of the hearing, it is not true that not a single Gramm-Rudman-Hollings deficit reduction target has ever been met. In the first full year of G-R-H implementation, fiscal year 1987, Congress did indeed meet the target set forth in the deficit-reduction law. In the wake of the fiscal year 1986 deficit of $220 billion, we slashed $70 billion off the deficit to end up with a fiscal year 1987 deficit of $150 billion, which was well within the G-R-H target for fiscal year 1987 of $144 billion plus the $10 billion cushion.

It is sad but true that since 1987 we have not met a G-R-H deficit-reduction target. In my opinion, the cause and culprit of this post-1987 irresponsibility has been the annual budget summits between Congress and the White House. So far as deficits are concerned, these summits are not the cure, they're the cancer. We convened the first summit in October 1987, and it has been all down hill from there. On a bipartisan basis, we have resorted to every bookkeeping trick imaginable to avoid real, honest deficit reduction. We have used these summits to solve our political problems, not our fiscal problems.

Of course, the favorite summit gimmick is simply to redefine upward the deficit target; if we find it too painful to reach a given target, that's OK, we simply redefine the target. Of course, in last fall's summit, we carried this game to its logical extreme by simply asserting that whatever the deficit is projected to be for a given year, that projection will be the "target." No wonder that we began the G-R-H process by targeting a deficit of $0 in fiscal year 1991, and will end up with a fiscal year 1991 deficit approaching $400 billion.

I am amused by the efforts of some of my distinguished colleagues to discount the deficits by arguing that, yes, they are growing in absolute terms, but they are shrinking as a percentage of gross national product. Of course, this is to say simply that the economy apparently is growing faster than the deficit. But this in no way excuses our own irresponsibility in allowing the deficit to grow up, up, and away.

Indeed, there is a terrible cost to these runaway deficits in terms of mushrooming interest payments. The deficit as a percentage of GNP may be shrinking, but interest costs as a percentage of the Federal budget are rapidly escalating. This year, gross interest on the national debt will account for 25 percent of the budget; by 1995, gross interest will account for 30 percent of the deficit. Bear in mind that the 1990 summit agreement increased the debt limit by $1 trillion—approximately enough to get us through to January 1993, after the election. All of this additional debt must be serviced through huge new annual interest payments.

Despite these serious reservations, I voted in favor of sending the budget resolution to the floor. I did so for two reasons: One, because I respect the Chairman's excellent effort to fashion a credible resolution, yet one that does not violate the strictures of the 1990 budget deal. Second, I voted for the budget resolution for an important procedural reason. The reality is that we must report a budget resolution to the floor in order to have the opportunity to vote, up or down, on Senator Moynihan's proposal to pare back the social security payroll tax. Procedurally, if we fail to report a budget resolution to the floor, then the Moynihan amendment would require a super majority to prevail on the floor, which is exactly why many Senators intend to vote against this budget resolution here in committee. I strongly support the payroll tax cut. Therefore I voted for the budget resolution.

ERNEST F. HOLLINGS.

ADDITIONAL VIEWS OF SENATOR DONALD W. RIEGLE

Like many of my colleagues, I had deep reservations about the Summit Budget Agreement that was adopted last fall. There were many reasons for this concern—the lack of real progress in reducing the deficit, the constraints that would make it difficult to address many of the critical problems facing our country, and the complex new layers of legislative procedures adopted under the guise of process "reform".

Today we are rightfully celebrating the return of our courageous fighting forces, and debating how to deal with the aftermath of the major military conflict in the Gulf. But we must also fac the recession here at home—we must help those who have lost their jobs and take strong steps to rebuild our economy and bring about real, long term growth in this country. The Budget Resolution should be the place where we identify and begin to address these needs.

We need to invest in productivity and capital growth, including strengthening and training programs. As the chairman of the Task Force on the U.S. Economy in the 1990's, I have been working with my colleagues to conduct a strategic review of national economic policy and determine short term and long term actions are needed to meet these needs.

I strongly support the Wirth "homefront" initiative which rightfully emphasizes key programs for children, including education, and children's health. Providing additional funding for effective programs like Head Start, Chapter 1, vocational and technical education, student aid, infant mortality initiatives, and WIC are vital if we are to build a strong future for this country. These programs will help our children, expecially those from disadvantaged backgrounds, realize their potential and become productive citizens of this country. I commend Senator Wirth for his initiative.

There are several aspects of this budget about which I have deep reservations. While this budget makes few policy assumptions, I am concerned about our ability to fund important priority programs because of the tight restrictions imposed on discretionary spending by last year's summit agreement.

The Domestic Discretionary cap severely constrains our ability to address new problems, expecially those brought about by our current economic recession. While it is clearly important that we bring down the Federal deficit, I am concerned that last year's budget agreement exacts a disproportionate share of cuts from these programs. Domestic discretionary spending, which makes up only 14% of total Federal spending has been cut 14% in real terms over the last decade. And programs targeted to needy families have been cut by nearly 48%. So, many important programs are struggling to provide much-needed services with less funding in a time of real economic need.

Housing programs, for example, were cut 81% during the 1980's. At the same time, the need for affordable housing has become a national crisis. Millions of low income people live in substandard housing, face overcrowded conditions, and stare homelessness in the face. And the number of those without homes in growing. Last year, we enacted the National Affordable Housing Act, with strong support in Congress and from the White House, to begin to address the serious shortage of housing that has developed in this country. While the President's budget funds many of the Act's initiatives, it does so at the expense of other much needed housing and comunity development programs. The overall effect of this approach is to give with one hand and take away with the other.

Finally, I am concerned that the reserve fund language as amended in Committee could make it difficult to address critical needs. In its views and estimates letter to the Budget Committee, the Senate Finance Committee noted that the economic outlook is very uncertain. We need to retain some flexibility to react, if necessary, to the economic slowdown and increasing unemployment, and to the impact of events in the Persian Gulf, as well as address high priority needs of this country.

The reserve fund language initially considered by the Committee is needed to enable Congress to target our resources on urgent needs. I am hopeful, for example, that we will enact legislation this year to phase in a comprehensive approach to provide universal health insurance for the uninsured and to control health care costs. I also believe that we should expand Unemployment Insurance benefits in response to growing unemployment in this country. The Summit agreement already requires new spending to be fully offset, unless Congress and the President agree that a situation is an emergency. The language adopted by the Budget Committee may unnecessarily constrain the options available to Congress addressing these and other critical problems in these times of uncertainty.

Despite these reservations, I believe it is important that we have a budget resolution, where we can evaluate the budget as a whole, and establish Federal spending priorities. I believe we have taken a step in that direction by adopting the Wirth "homefront" initiative. For this reason, I voted to report out the Budget Resolution for Fiscal Year 1992.

DONALD W. RIEGLE.

ADDITIONAL VIEWS OF SENATOR FRANK R. LAUTENBERG

Under the new budget law, the Budget Committee has a very limited role in the preparation of the fiscal year 1992 budget. The Committee cannot set priorities between domestic, defense and international programs. Nor can we set priorities within any of these general categories. Instead, practically speaking, we are limited to ratifying the budget framework already established by law, and to providing for so-called "pay-as-you-go" initiatives.

This resolution accomplishes those limited objectives, and therefore, if adopted, would allow the appropriations process to move forward. Moving that process forward is important to avoid the kind of budget chaos we saw last year, and that's the primary reason why I voted for the resolution.

I do want to comment on certain actions that were taken during the Committee's consideration of the resolution.

First, I am pleased that the Committee has sent a strong signal about the need to place a high priority on education and children's programs. The future of our economy, and our nation, rests with our children. Yet too many children must spend their lives in poverty, with inadequate health care and substandard schools. Meanwhile, too many young people lack real opportunities to secure a quality higher education.

This must change, and that's the message that the Committee endorsed when we approved the amendment offered by the distinguished Senator from Colorado, Senator Wirth, calling for a reallocation of $4.4 billion for education and children's programs from within the total for domestic discretionary programs. I was pleased to fully support Senator Wirth in that effort.

While the Wirth amendment stands as a symbol of our commitment to education and children, all the members on this Committee understand that passing this amendment is not enough. Ultimately, as Senator Wirth himself noted, the real decisions about spending priorities will be made in the Appropriations Committee. I am hopeful that the Appropriations Committee will also decide to prioritize these programs in the appropriations process.

Of course, the country also faces many other pressing needs that deserve priority attention. For example, we need a greater commitment to our fight against violent crime, to combat the explosion of murders, rapes and other offenses plaguing our country. We need a greater commitment to assist our veterans, who have served our nation so bravely. We need a greater commitment to infrastructure development, to rebuild our highways, restore our bridges, and improve our mass transit systems. And we need a greater commitment to our environment, to eliminate toxic waste, clean the water and clear the air.

I am concerned that the totals in this resolution for Functions 750, 700, 400, 330 may be insufficient to ensure adequate support for law enforcement, veterans, transportation, and environmental protection. For that reason, I was somewhat reluctant to support the resolution. However, I decided to do so since we need a budget resolution to allow the Appropriations Committee to move forward, and since the functional totals in the resolution are nonbinding.

If functional totals were binding, many members of the Committee no doubt would have offered amendments to adjust certain functions to better meet real needs. For example, I might well have proposed to shift funds to Functions 750, 700, 400 and 300. I concluded that such amendments were not necessary because the functional totals remain nonbinding. From comments made during the markup, I believe that many of my colleagues felt similarly.

I also want to address the reserve funds that are included in this resolution.

The reserve funds that Chairman Sasser included in his mark were procedural devices that were necessary to facilitate consideration of so-called "pay-as-you-go" initiatives, such as initiatives to improve children's health, to improve our nation's surface transportation system, and to revitalize our economy. However, under the Chairman's reserve clauses, any such initiative would be allowed only if it did not increase the deficit. That is, any additional costs would have to be offset through either spending cuts or increased revenues.

I am disturbed by what I perceive as a blatant attempt by some to distort the meaning of reserve funds. The charge was made that the reserve funds included in the Chairman's mark represented "taxing and spending". That was unfair and simply not true.

Reserve funds don't require Congress to do anything. And even if Congress chooses to pursue an initiative allowed by a reserve clause, the initiative can be paid for by spending cuts, not tax increases. The new budget law requires Congress to include reserve clauses where a second committee develops the spending cuts needed to pay for an initiative. Otherwise, the initiative would be subject to a point of order on the floor requiring 60 votes to waive.

I believe Congress should be able to at least consider initiatives such as improvements in child nutrition or child health care, if the costs are offset with spending cuts in areas such as wasteful farm spending. Requiring 60 votes to approve such initiatives, in my view, makes no sense. That's why I opposed the Gramm amendment to strike all the reseve clauses in the resolution.

Let me also address the Brown amendment, which the Committee adopted. The apparent purpose of the Brown amendment was to ensure that any of the initiatives authorized in the reserve clauses are not paid for through additional revenues, which proponents of the amendment characterized as higher taxes.

The problem with the rationale underlying the Brown amendment is that all bills that increase revenues do not raise taxes. For example, Congress can increase revenue by closing tax loopholes that are being exploited by wealthy taxpayers with high-priced accountants. Similarly, Congress can raise revenues by simply adjusting the levels of civil penalties to account for inflation since they were last set.

It is important that Congress act promptly to increase civil penalty levels. According to a 1988 study by the President's Council on Integrity and Efficiency, 60 percent of all civil penalties were last adjusted before 1981; 30 percent were last adjusted before 1961; and 16 percent were last adjusted before World War II. In fact, according to the study, six penalties have been the same since the turn of the century, and several date as far back as 1793.

In the last Congress I developed legislation, the Federal Civil Penalties Inflation Adjustment Act, that establishes a mechanism by which civil penalties can be adjusted to account for inflation. Under that new law, the Administration will soon be providing Congress with a list of all federal civil penalties, and the levels to which they should be increased to account for inflation.

There is no reason why the increased revenues that would be generated by a civil penalty adjustment, if used, for example, to reduce child hunger, should be blocked with the votes of a minority of senators. Particularly when Medicare cuts, for example, can be approved by a simple majority. Yet that is the perverse consequence of the Brown amendment.

In other words, the Brown amendment makes it easier to deprive senior citizens of Medicare benefits than to increase penalties on lawbreakers who violate worker safety standards or environmental protections. That is fundamentally wrong.

I therefore want to emphasize that my opposition to the Brown amendment is in no way inconsistent with my strong opposition to higher tax rates for ordinary Americans. Middle class families in New Jersey and throughout the nation are already struggling to save for their children's education, to pay their mortgage payments or rent, and to make ends meet. This is not the time to burden them with higher tax rates.

FRANK R. LAUTENBERG.

ADDITIONAL VIEWS OF SENATOR PAUL SIMON

American Indian Programs

In the past 10 years, we have witnessed a near 40 percent reduction in Federal spending for Indian programs while funding for comparable programs available to the general population (all races) have increased. This fact has been verified in a report by the Congressional Research Service (CRS) at the Library of Congress who analyzed how Indian preograms were faring in comparison to programs designed to benefit the general population. This CRS report contains startling data which shows that in education, while overall spending increased 1.27 percent annually, Indian education program spending decreased 3.4 percent every year; in health, overall Federal programs increased 6.37 percent per year, while Indian health programs showed a 3.53 percent annual increase; spending for Federal housing increased by 2.7 percent per year but funding for Indian housing decreased 9.18 percent per year. The full text of the CRS report was included in the report of the Senate Select Committee on Indian Affairs to the Senate Budget Committee for fiscal year 1992.

In fiscal year 1991, the Federal Indian Budget was increased by nearly $700 million, an increase of 24 percent over the amounts available in 1990, and an increase of 30 percent over the President's budget request. While these increases were quickly absorbed by Indian programs which have suffered 40 percent reductions in Federal spending over the past decade, the Indian population has nearly doubled and funding still falls seriously short of meeting the need. I recommend that the sustain the increases provided in fiscal year 1991 and support economic parity between Indian programs and those programs which are designed to benefit the general population.

The Senate Select Committee on Indian Affairs has recommended a budget which merely sustains the same level of care provided in fiscal year 1991 with appropriate inflationary increases based on the recommendations of the Congressional Budget Office and which provides funding for newly authorized programs. Based on these objectives, I support the recommended levels of funding proposed for Indian programs in fiscal year 1992 as follows: Bureau of Indian Affairs, $1,715,765,000; Indian Health Service, $1,851,093,000; Indian Housing, $242,000; and Department of Education—Indian Education Programs, $780,296.

I am concerned that my colleagues are not familiar with the complex nature of Indian programs and recommend that the Committee hold a joint hearing with the Indian Affairs Committee on the issue of mandatory versus discretionary program attributes of Indian programs to develop a strategy for defining and clarifying the comparative entitlement nature of many of the Indian programs with non-Indian programs.

Finally, I would like to urge my colleagues on the Budget Committee to take a close look at the proposals to block grant Federal program monies to the states, and in so doing, assure that whatever steps are taken to approve or revise either the President's proposal or the proposal that has recently been advanced by the states, Indian tribal governments are not forced into a relationship in which they are dependent upon the largesse of state governments for funds to which they are directly entitled under Federal law.

PAUL SIMON.

ADDITIONAL VIEWS OF SENATOR TERRY SANFORD

If the economy is in fact turning around and the recession is short and shallow as predicted, and we have no more fiscal surprises that require attention during the next 4 years, and we do achieve the nearly $500 billion in deficit reduction required by last year's summit agreement, we will still add more than $1.6 trillion to the Federal debt. And, ironically during that same period we will spend nearly $1.7 trillion just to pay interest on that massive debt. And all the while we will claim to be reducing our deficits.

In the final year of this resolution, fiscal year 1996, we will spend at least $381 billion on interest alone. We have secretly created the "mother of all entitlements"—interest. Gross interest is the largest single spending program in this budget resolution. It exceeds total spending for nondefense programs. It exceeds all our defense spending. It has become our largest entitlement program to date, yet we only account for part of this spending. We continue to use the net interest numbers, covering up nearly $100 billion in interest obligation year after year.

The budget accounting rules now in place mislead the public into believing we are succeeding in our effort to bring down the massive Federal debt when we are not. I can find nothing good, nothing right about that.

We still need an honest accounting of the Federal Budget.

TERRY SANFORD.

MINORITY VIEWS OF SENATOR KENT CONRAD

The fiscal policy that has been pursued over the last decade is hemorrhaging the economic strength of our nation and weakening our country. We are weakening our country because the President and Congress are not facing up to the stubborn facts that confront the nation. Since 1980, the national debt has increased four-fold. Individual debt and corporate debt have also exploded. We've gone from being the largest creditor nation to being the largest debtor nation. We have financial structures in this country that are substantially weakened. Businesses that have never been late in a payment cannot receive the lines of credit they have had in the past.

Last year we entered into a 5-year budget summit agreement that was intended to face up to reality. The President and Congressional Budget Office agreed that under the plan the deficit would be brought under control. In fact they agreed the budget would reach unified balance under the budget summit agreement.

In order to reach that balance, however, we've got to see fairly strong growth for 5 years. Every economist I meet tells me that instead of very healthy growth coming out of this recession, it is far more likely that we will experience very slow rates of growth, 1 to 2 percent over the next 5 years. If economic growth is only 1 percent lower than projected over 5 years, the deficit would increase by $125 billion. Prolonged recession with high unemployment and interest rates will also keep the deficit way above the levels estimated by the administration. Because of these stubborn facts, I believe that we have an obligation to do more than the budget deal that was completed last year. While I acknowledge that the budget agreement accomplished some savings, I do not believe that there was enough.

I believe we must see greater deficit reduction, but I also believe that we must set priorities in our deliberations. That is why I offered an freeze amendment for a modified spending freeze. My amendment would have saved $124 billion over 5 years through a freeze on budget authority. Several important governmental activities were exempted from the freeze. Because of tremendous unmet needs in education and health care, these functions were not subject to a freeeze. The amendment also sought no cuts in programs which provide assistance to low-income families. Other exceptions included veterans' programs to make sure that benefit obligations arising from the Persian Gulf war can be fully met. Agriculture programs, which were the hardest hit by the budget agreement last fall, were not cut further by my freeze amendment. And to avoid losing revenue, my proposal would have maintained funding for compliance initiatives by the Internal Revenue Service, to continue the steps undertaken by the budget agreement to do a better job of collecting taxes that are legally owed and due under existing law.

Indeed, priorities must be set, but I believe they must be set in the context of a comprehensive plan to reduce the deficit. While I agree with the priorities of the Wirth Homefront Initiative, I could not vote for the final package because it did not address the vital issue of deficit reduction. I will continue to seek greater reductions in the deficit when the budget resolution reaches the floor of the Senate.

KENT CONRAD.

MINORITY VIEWS OF SENATOR PETE V. DOMENICI

The Senate Committee reported Concurrent Resolution on the Budget for Fiscal Year 1992 is the first budget produced under the new guidelines and procedures of the historic budget agreement of last fall. The Committee has met the technical requirements and has not changed the fundamental fiscal blueprint outlined in that agreement.

Nevertheless, the Committee's reported resolution failed to win any Republican votes and in fact lost one Democratic vote. Why?

There are three major reasons:

—The resolution makes no effort to control the growth in entitlement and mandatory spending programs. An issue that will continue to dominate fiscal policy debates well into the next century.

—The resolution highlights the Democrats' wishful spending increases in domestic discretionary programs while remaining silent on the unpopular reductions that would be required in law enforcement, environment, social security administrative costs, veterans benefits, transportation, science, and high technology research.

—Jeopardizes the future economic course of the country and the economic security of current and future social security beneficiaries, by failing to close a major loophole in the current law that will permit a raid on the social security trust funds.

THE NUMBERS

The Budget Enforcement Act of 1990 set in law spending caps for discretionary programs. For 1992, the aggregate discretionary spending totals $527.5 billion in three categories: defense, international affairs, and domestic. The reported resolution complies with the spending caps for each of the three categories, and therefore , removes 37 percent of the total $1.5 billion in spending from further consideration for spending restraint.

Off-budget spending, almost entirely social security, will total $250 billion in 1992. Therefore, another 17 percent of the federal spending is removed from consideration for spending restraint.

Interest payments will total $210 billion in 1992, 14 percent of total spending.

The remaining 32 percent of all Federal spending in 1992, $458.6 billion, represents Federal entitlement and mandatory programs—

primarily medicare, medicaid, Federal retirement, and low-income means-tested programs. It should be noted that nothing in the budget agreement precludes Congress from adopting policies to restrain the growth of entitlement spending. Indeed the President's budget proposed restraint in this area totalling $30 billion over the next 5 years.

The Democratic budget resolution chose not to act in this area. And only reluctantly, did the Democratic members adopt my Sense of the Congress resolution that legislation to provide a "wiser, more fair and more equitable distribution of Federal benefits . . . be redirected to provide more assistance to the poor and the underprivileged, or applied to further deficit reduction."

The consequence then of deciding not to address entitlement and mandatory spending, combined with the discretionary spending caps, and off-budget classification of social security and (for all practical purposes) interest payments, resulted in a budget deliberation that focused on how to distribute $200 billion in discretionary spending.

With no changes in aggregate spending and no changes in assumed tax revenues from current law ($1.162 trillion in 1992) the Federal deficit for 1992 is projected to reach $286.5 billion, $351.2 billion if the social security surplus is not counted.

DEMOCRATIC COMMITTEE MEMBERS' SPENDING WISHES

For this Senator, the issue was not so much what assumptions (or wishes) were used to develop the distribution of the discretionary domestic spending between the various functions. In the end, that decision will be made by the committees of jurisdiction—the Appropriations Committees of the House and Senate. And in the end, the total spending for domestic discretionary programs in 1992 will comply with the budget agreement's $200 billion budget authority and $212 billion outlay requirement.

But I am convinced, that the discretionary spending wishes will be altered in the final appropriations. It is not so much, that the reported Democratic budget resolution wishes more Federal monies could be spent on education, Head Start, math and science, infant mortality, WIC, and childhood immunizations, for the President's budget and Republicans also support these important programs. The President's budget request for children's programs totalled nearly $86.9 billion in 1992, a 10 percent increase over the 1991 level.

The Democratic reported budget resolution spending wishes will be changed, not because of what it claims to support, but because of what it does not wish for. If the final appropriations followed the Committee's Democratic wish list, then funding for initiatives in the President's request for the war on drugs and attacking violent crime would have to be canceled. I cannot and my fellow Republicans cannot support a Democratic wish to reduce the President's request for Federal law enforcement and judicial activities by $2.0 billion.

I cannot and my fellow Republicans cannot support a Democratic wish list to reduce the President's request for transportation and public infrastructure investment by nearly $1.8 billion. Similarly, it is not likely that final appropriations will jeopardize EPA's Superfund and operating programs, efforts to implement the Americans with Disability Act, veterans health benefits, and significantly reduce research initiatives in space, high performance computing, super computing and materials research, and ongoing work in the U.S. Global Change project.

Through my efforts, the reported resolution did give passing acknowledgement of the need for Congress to seriously canvas the inventory of Federal programs and begin terminating the inefficient, parochial, and outdated ones in favor of programs that invest in America's future. Nevertheless, the Democratic members of the Committee were not willing to even acknowledge that the President's budget did take a bold step in this direction with his 218 programs and some 3.450 project terminations.

Nor were the Democratic members willing to support a thoughtful proposal prepared by the National Governors Association and the National Conference of State Legislatures that would provide increased flexibility to State and local governments within the limited Federal resources available to them.

The Democratic reported resolution's wishes will not become reality and they should not. The essence of budgeting is making trade-offs and the macro decision of how much to spend on domestic discretionary versus defense and international affairs was decided last year. Trade-offs within the three categories have not been resolved in this budget resolution.

SOCIAL SECURITY FIREWALL

In the end however, for this Senator there was really only one issue. An issue that should not exist, and had it been resolved, I might have even supported the final resolution. The issue relates to the protection and security of the social security trust funds. An issue that should not be partisan, an issue that has as much to do about the future economic course of this country as it does about providing economic security to current and future social security beneficiaries.

Either by oversight or error, a loophole was created in the "firewall" established in last year's budget agreement that required a supermajority vote (60) to reduce the social security trust fund balances. The Committee's reported resolution could have closed that loophole, had it adopted my amendment that would have restored the firewall on any substantive legislation that would tamper with the social security program. Instead the Committee's reported resolution will permit raids on the trust fund, either through a reduction in its revenues or through spending, with a simple majority vote.

The risks, both to current and future retirees, not to mention to our economy, were well known when the Congress and the President agreed to take the social security program out of the Federal deficit calculations. It was because of these risks, that the Budget Summit negotiators agreed that a special 60 vote point of order should lie against legislation that changed or reduced the fund's balances.

In an effort to fix the error in the firewall, I introduced legislation, the Social Security Trust Fund Integrity Act of 1991 (S. 788), on April 9. That legislation has been referred to the Budget Committee and the Committee on Governmental Affairs. The legislation is supported by the American Association of Retired Persons (AARP) and the President of the United States (letters included). The legislation if acted on by the Committees would permanently fix the firewall. In the absence of that legislation a 1-year fix could have been incorporated into the reported resolution. The Committee rejected this proposal.

The reported budget resolution, therefore, now provides the mechanism for members to propose reductions in the trust fund balances with a simple majority vote. The fiscal consequences of such an action are significant. The nonpartisan Congressional Budget Office recently reviewed one such plan (S.11) to reduce the trust fund balances and concluded that interest rates, inflation, and the trade deficit would increase. GNP, national savings, investment, and the capital stock would be lower.

If there ever was a reason for the Committee on the Budget to act on its jurisdictional responsibility for the country's fiscal health, this surely would have been the time. But the Committee again chose not to act.

For this overriding economic reason, as well as the continued viability of this critical program to millions of Americans, I could not and will not support the resolution as reported from the Committee. Further, I will vigorously resist any effort made to use this resolution when it is considered by the full Senate and House as an instrument for accommodating a reduction in the social security trust fund balances.

Pete V. Domenici.

THE WHITE HOUSE
WASHINGTON

April 8, 1991

Dear Pete:

I understand you intend to introduce legislation next week to repair the "firewall" established in last year's budget agreement to protect social security. I am heartened to learn that both Republicans and Democrats will support your legislation. Such bipartisanship was necessary to reach last year's agreement and will be necessary to ensure that its provisions are honored.

Last fall, when all parties to the budget summit agreed to take social security both off the budget and out of the deficit calculations, we realized that this might lead to attempts to reduce the social security trust fund balances. For this reason, more stringent procedures were agreed to that were intended to protect social security. In particular, we agreed that a super-majority of 60 votes would be needed to raid the trust fund balances.

It now appears that there is a loophole in those procedures as they would apply to the Senate. The loophole was not agreed to by all parties to the budget summit -- and, indeed, was apparently not known to many until recently. Your legislation will close this loophole and restore the law to its intended and agreed-upon form, thus restoring the "firewall" that I believe is required as long as social security is not afforded the protections of normal budget discipline.

Eight years ago, after much debate which created fear among senior citizens, Congress adopted measures to ensure the short-term solvency and the long-term stability of the social security system. Congress should resist any temptation now to undermine that stability by permitting raids on the trust fund balances. Both current beneficiaries and workers who will become beneficiaries must remain confident that the system will continue to meet its promises.

I commend you on your efforts to repair the social security "firewall" and strongly urge Congress to adopt your legislation.

Sincerely,

The Honorable Pete V. Domenici
United States Senate
Washington, D.C. 20510

AARP

Bringing lifetimes of experience and leadership to serve all generations.

March 22, 1991

The Honorable Pete Domenici
United States Senate
Washington, D. C. 20510

Dear Senator Domenici:

The American Association of Retired Persons (AARP) commends you for introducing legislation to further protect the Social Security trust funds by strengthening procedural safeguards prior to adoption of revenue decreases or benefit increases. Your legislation is critical to preserving the trust fund buildup now that Social Security is no longer counted in the calculation of the federal deficit.

Throughout last year's "off budget" debate, AARP maintained that the trust funds should be cordoned off after they were removed from the federal operating budget. Without a protective "fence" or "firewall", the trust funds remain vulnerable to efforts to unduly enhance benefits or reduce revenues.

AARP believes your bill plugs a leak in the protective dike which Congress wisely adopted when it removed Social Security from the federal deficit last year. The current recession has reduced trust fund revenues, making the need for your proposal even more evident.

If the recession deepens or recovery is slow and sluggish, the trust fund buildup will be much slower than anticipated in last year's Social Security Trustees' Report. Thus, attainment of a year and a half contingency reserve necessary to ensure benefits during a prolonged economic slowdown will be pushed further into the future.

Maintaining public confidence in the stability of Social Security is critical. Your legislation sends a strong message that the buildup of the trust funds should be maintained so current and future generations will receive the benefits they expect and deserve.

Sincerely,

John Rother

John Rother
Director, Legislation and Public Policy

American Association of Retired Persons 1909 K Street, N.W., Washington, D.C. 20049 (202) 872-4700

Robert B. Maxwell *President* Horace B. Deets *Executive Director*

MINORITY VIEWS OF SENATOR CHARLES E. GRASSLEY

In October of last year, the Congress passed a budget agreement, blessed by summit negotiators, that was hailed as the "largest deficit reduction package ever." Today, just 6 months later, the $500 billion, 5-year savings have been offset by $300 billion in new deficit growth. Following is a comparison of the December CBO baseline to the current baseline:

BASELINE DEFICITS

[In billions of dollars]

	Fiscal year—				
	1991	1992	1993	1994	1995
December 1990	320	337	252	156	143
Current	371	366	303	271	188
Change	51	29	51	115	45
Total change fiscal year 1991–95: $291 billion.					

I have a growing concern that the Budget Committee is becoming increasingly by-passed in its responsibilities, either by summits, by other committees, or by constraints in the recent budget law changes. Instead of focusing our efforts on attacking the burgeoning deficit, we're focusing on the budget process, process enforcement, setting and enforcing priorities, and pay-as-you-go planning.

As one case in point, the October budget agreement included a change in the budget law that now holds the deficit harmless for economic and technical mis-estimating, two categories that comprised 71 percent of the mismatch between projected and actual deficits during the decade of the '80s. In other words, if the deficit expands because we were optimistic on our estimates of the revenues coming in and the costs of programs to the taxpayers, there is now no corrective measure for offsetting deficit growth caused by those two factors.

In my view, the deal made last October has been undone by virtue of the tremendous growth in the deficit. We're more concerned about how the chairs are arranged on the deck of the Titanic than about the iceberg ahead. That is why I offered an across-the-board BA freeze during mark-up of the FCBR that would have saved $8.2 billion in fiscal year 1992, and $22.4 billion from fiscal year 1992–96. Although the savings from my freeze would have been only a modest offset of the deficit growth over the last 6 months, it was nonetheless a significant down payment. My proposal failed by a single vote, 11 to 10. I intend to offer that same freeze on the Senate floor when it considers the FCBR for fiscal year 1992.

CHARLES E. GRASSLEY.

MINORITY VIEWS OF SENATOR ROBERT W. KASTEN, JR.

Mr. Chairman, today I cast my vote in opposition to the Committee's Budget Resolution. I reject this Budget Resolution on principle. I cannot and will not support more tax increases and more Federal spending.

The budget summit agreement of last October, including the largest tax increase in history, was rushed through Congress in the final moments of the last session. Even now—long after passage of the act and the 1990 elections—many specifics of the agreement have not been made public. But we know enough to compare overall promises with reality. For example, although the conferees promised to cut spending in return for higher taxes, precisely the opposite result occurred: taxpayers are paying more, and the Federal Government will also borrow and spend more.

Federal spending is out of control. In both nominal and inflation-adjusted dollars, the budget is at an all-time high. Federal spending this year will consume more than 25 percent of America's gross national product (GNP), up sharply from 22.3 percent of GNP just 2 years ago. With the exception of World War II, the Federal Government has never controlled more of the nation's resources.

In 1991 alone, domestic discretionary spending is projected to jump by 9.1 percent and entitlement spending will increase by an estimated 12.5 percent. Total spending is expected to climb by $158 billion, a single-year growth record. This is way out of control.

An affirmative vote for this Budget Resolution is an endorsement of this tragic policy of tax and spend. That's why I vigorously oppose this Resolution.

Given the current economic climate, there is little reason to expect a return to strong economic recovery any time soon. Indeed, blind support for the budget deal all but guarantees anemic economic performance since provisions of last year's budget deal automatically preclude pro-growth, tax-cutting legislation.

I believe the current recession demands immediate attention—2 million Americans have now lost their jobs to this economic downturn. Inaction is no longer tolerable—it is time to stimulate the economy and create jobs. To this end, let's cut capital gains and payroll taxes. These pro-growth tax proposals will lead to economic recovery and thereby reduce the deficit.

Thank you, Mr. Chairman.

Robert W. Kasten, Jr.

MINORITY VIEWS OF SENATOR HANK BROWN

The budget resolution documents policies, priorities, and choices. Just as families across the nation are forced to make choices every day, Congress must make decisions, set priorities, and control spending.

The budget resolution includes two important provisions which should be retained in the final resolution.

The Brown Social Security Protection Amendment states that there should be no reductions in Social Security revenues unless the current actuarial estimates of the trust funds over time (75 years) indicate that the trust funds are actuarially sound. Reducing revenues when the trust funds and future income are inadequate to cover outlays will cause Social Security to default on its obligations.

While the Social Security Trust Fund has a $64 billion balance this year, the most recent figures from the Social Security Trust Funds' chief actuary indicate that as of September 1990, Social Security's liabilities over the next 75 years will exceed its projected assets by more than $1.2 trillion.

ACTUARIAL STATUS OF SOCIAL SECURITY TRUST FUNDS

[Dollar amounts in millions]

Valuation date	Assumed interest rate (percent)	Actuarial liabilities	Actuarial assets	Actuarial deficiency (−) or surplus (+)
Sept. 30, 1987	6.08	$14,983,400	14,605,800	−$377,600
Sept. 30, 1988	6.08	15,480,000	14,815,900	−664,100
Sept. 30, 1989	6.08	16,493,200	15,643,700	−849,500
Sept. 30, 1990	6.08	18,940,200	17,697,600	−1,242,600

Note.—Present values shown have been computed as of the beginning of the valuation period. Liabilities consist of the sum of all estimated outgo during the 75-year valuation period, and the assets consist of the sum of all estimated income during the same period and an estiamte of the trust fund balance at the beginning of the period. Estimates are based on the assumption that future young workers will be covered by the program as they enter the labor force.

Source: Chief Actuary, Social Secuirity Trust Funds.

The Brown-Domenici amendment allows Congress to increase spending in select areas but requires those increases be offset by reductions in other area: The amendment thus precludes further tax increases in the coming year to expand spending beyond limits in the budget resolution.

HANK BROWN.

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